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

File No.* SR - 2014 - * 18

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) *

Rule

Pilot Extension of Time Period for Commission Action * Date Expires *
 19b-4(f)(1) 19b-4(f)(4)
 19b-4(f)(2) 19b-4(f)(5)
 19b-4(f)(3) 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 806(e)(1) * Section 806(e)(2) * 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 MIAX Rule 503.

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 * James Last Name * Morgan
 Title * Associate Counsel
 E-mail * jmorgan@miami-holdings.com
 Telephone * (609) 897-1484 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 05/13/2014 Vice President and Senior Counsel
 By Brian O'Neill
 (Name *)

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

Persona Not Validated - 1399471823417,

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(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 MIAX Rule 503 with respect to the Opening Process in an option series.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 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 James Morgan, Associate Counsel and Assistant Vice President at (609) 897-1484.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rule 503 to change the definition of a valid width NBBO and valid width quote to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). The Exchange's current methodology to start the Opening Process is not conducive to a quick and efficient opening on the Exchange. The proposed rule change will amend the current process to provide that the bid-ask differential to allow for the Exchange System to start the Opening Process based on the bid-ask differentials specified in Rule 603(b)(4)(i), which are wider than the bid-ask differential of Rule 603(b)(4)(ii).³ In addition, the Exchange proposes some technical changes related to the removal of the narrow-width quote standard from Rule 603(b)(4)(ii), as it would no longer be necessary once the definition of a valid width NBBO and valid width quote is updated to correspond to Rule 603(b)(4)(i).

Current Opening Process

Currently, Rule 503 describes the process pursuant to which the Exchange System opens an option series. Pursuant to the procedures described in Rule 503(e), after an initial pause following the dissemination of a quote or trade in the market for the underlying security, the Opening Process starts with one of the following events: (i) the Primary Lead Market Maker's valid width quote has been submitted; (ii) the valid width quotes of at least two Market Makers, where at least one is a Lead Market Maker have been submitted; or (iii) for multiply listed option classes, at least one Eligible Exchange (as defined in Rule 1400(f)) has disseminated a quote in the individual option in accordance with Rule 1402(a), there is a valid width NBBO available

³ For purposes of this filing, the quote width in Rule 603(b)(4)(i) will be referred to as the "standard-width quote" and that of Rule 603(b)(4)(ii) will be referred to as the "narrow-width quote."

and the valid width quote of at least one Lead Market Maker has been submitted.⁴ For the purposes of Rule 503(e) both a valid width NBBO and valid width quote is one where the bid and offer differ by no more than the differences outlined in Rule 603(b)(4)(ii), the narrow-width quote.⁵ Additionally, if after two minutes following the dissemination of a quote or trade in the market for the underlying security none of the provisions described above have occurred, then the opening process can begin when one Market Maker has submitted its valid width quote.⁶ The Primary Lead Market Maker assigned in a particular equity option class must enter valid width quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security.⁷ A Registered Market Maker that submits a quote pursuant to this Rule 503 in any series when a Lead Market Maker's or Primary Lead Market Maker's quote has not been submitted shall be required to submit continuous, two-sided quotes in such series until such time as a Lead Market Maker submits his/her quote, after which the Registered Market Maker that submitted such quote shall be obligated to submit quotations pursuant to Rule 604(e)(3).⁸

Once the Opening Process has been started, the Exchange System will either open with a quote or a trade. Rule 503(f)(1) provides the mechanism by which the Exchange System will

⁴ See Rule 503(e).

⁵ See Rule 603(b)(4)(ii). The bid-ask guidelines specified in Rule 603(b)(4)(ii) that are required to start the Opening Process are narrower than the \$5 wide bid-ask differential for options traded after the opening rotation. See also Rule 603(b)(4)(i). Rule 603(b)(4)(i) provides that options traded after the opening rotation may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.

⁶ See Rule 503(e)(4).

⁷ See Rule 503(e)(5).

⁸ See Rule 503(e)(6).

open on a quote.⁹ Pursuant to Rule 503(f)(1), the Exchange System, if there are no quotes or orders that lock or cross each other, will open by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time. The remainder of Rule 503(f) provides how the Exchange System operates when opening with a trade – scenarios where there are quotes or orders that lock or cross an order. Rule 503(f)(2)-(11) provides the mechanics of how the Exchange System calculates the price of an opening trade and handles any imbalance that may occur.¹⁰ For purposes of opening with a trade, Rule 503(f) utilizes the narrow-width quote used to first start the Opening Process pursuant to Rule 503(e).

Proposed Change to Opening Process

The Exchange proposes to amend Rule 503(e)(2) and (3) to change the definition of a valid width NBBO¹¹ and valid width quote¹² to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). As noted above, the Exchange currently uses the narrow-width quote to define a valid width NBBO and valid width quote. The Exchange proposes to replace references to Rule 603(b)(4)(ii) in Rule 503(e)(2) and (3) with the standard-width quote of Rule 603(b)(4)(i).

Rule 603(b)(4)(i) provides that options, following the opening rotation, may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. The proposed change will align the requirements to open the unopened series on a quote with the existing Market Maker quoting requirements following the opening rotation.

⁹ See Rule 503(f)(1).

¹⁰ See Rule 503(f).

¹¹ See Rule 503(e)(2).

¹² See Rule 503(e)(3).

The Exchange believes that the application of the narrow-width quoting requirement of Rule 603(b)(4)(ii) to start the Opening Process prevents series from opening promptly and thus unnecessarily delays the execution of orders on the Exchange. The Exchange believes that setting a wider quote differential requirement to start the Opening Process would expedite the opening of all options series on the Exchange promptly after the opening of the underlying security. The Exchange believes that market participants will benefit by having the ability to execute orders on the Exchange without unnecessary delay. In addition, applying the standard-width quote bid-ask differential to start the Opening Process is consistent with the quoting requirements that are applicable following the start of regular trading.

The Exchange further believes that applying the standard-width quote to start the Opening Process is appropriate because it would more closely align the Exchange's Rules with the rules of other option exchanges with respect to opening a series – specifically in the area of opening a series on a quote. Other options exchanges have the ability to open a series for trading when there are no executable orders and/or quotes to conduct an auction. BOX Options Exchange (“BOX”) and NASDAQ Options Market (“NOM”), allow for the opening of series without conducting an opening auction. Similar to the Exchange's proposal, NYSE Arca opens option series for trading after receiving notification of an initial NBBO disseminated by OPRA for the series or on a Market Maker quote, provided that the bid-ask differential does not exceed its standard-width quote of \$5 when not opening with a trade.¹³ On BOX, the BOX system attempts to conduct an opening match (similar to the Exchange's Opening Process) to determine a single price at which a particular option series will be opened.¹⁴ However, if the BOX system

¹³ See NYSE Arca Rule 6.64(b)(E). See also Securities Exchange Release No. 68290 (November 26, 2012), 77 FR 71469 (November 30, 2012) (SR-NYSEArca-2012-126).

¹⁴ See BOX Rule 7070(e).

is not able to determine an opening price, the option series will nevertheless move from the “Pre-Opening Phase” to the continuous trading phase and the option series will be open for trading. When the option series move from Pre-Opening Phase to the continuous trading phase, there is no requirement for a bid-ask differential to be met. Market makers on BOX would only be required to meet the \$5 bid-ask differential in the option series if and when they ever decided to quote.¹⁵ Similarly, NOM has no bid-ask differential requirements to open a series if an “Opening Cross” (similar to Trading Auction) cannot be initiated because there are no opening quotes or orders that lock or cross each other.¹⁶ Specifically, if an Opening Cross cannot be initiated because there are no opening quotes or orders that lock or cross each other, the option series will open for trading on NOM.¹⁷ Market makers on NOM would only be required to meet the \$5 bid-ask differentials in the option series if and when they ever decided to quote.¹⁸ Both, BOX and NOM could open options series and disseminate a protected quotation without the benefit of Market Maker quotation to facilitate price discovery.

By contrast, currently, if the options series does not meet the narrow-width quotes, the series will not start the Opening Process and not open at all on the Exchange, which differs from NYSE Arca, BOX and NOM. As noted above, NYSE Arca requires a Market Maker quote that meets the standard-width requirement to open with a quote and neither BOX nor NOM require any bid-ask differential to be met prior to opening series for trading with a quote. The current inability of the Exchange to open a series without quotes subject to a narrow-width quote requirement puts the Exchange at a competitive disadvantage to other options exchanges that do

¹⁵ See BOX Rule 7070(f). See also BOX Rule 8040, which sets forth BOX market maker quoting obligations.

¹⁶ See NOM Chapter VI, Section 8(c)(1).

¹⁷ See *id.*

¹⁸ See NOM Chapter VII, Section 6(d).

not have that similar restriction. By not opening the option series, the Exchange cannot display orders in the Exchange System and thus has no protected quotation in the options series. Until the options series officially opens for trading, the Exchange cannot route out orders in the Exchange System pursuant to Linkage, nor can it have a protected quote that draws trading interest from other options markets. The Exchange believes that the delay in execution of orders on the Exchange in this situation is unnecessary and harmful to market participants. The Exchange's proposal would provide for the ability to open an option series on a quote in a similar fashion as NYSE Arca, BOX, and NOM. The Exchange believes that having a bid-ask differential requirement to open a series is beneficial for opening series and helps ensure there is a sufficient quoted market in the options series, whether it is via NBBO from OPRA or Market Maker generated quote, prior to opening of the series on the Exchange to facilitate transactions in securities on the Exchange.

Technical Changes

To clarify that the Exchange System uses the standard-width quote standard to start the Opening Process, the Exchange proposes to delete Rule 603(b)(4)(ii). Related to the proposed deletion of Rule 603(b)(4)(ii), the Exchange further proposes replacing the reference to Rule 603(b)(4)(ii) within Rule 521 (Obvious and Catastrophic Errors) with the specific bid-ask differential contained in Rule 603(b)(4)(ii) so that Rule 521 will be substantially unchanged and remain operatively the same.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),¹⁹ in general, and furthers the objectives of

¹⁹ 15 U.S.C. 78f(b).

Section 6(b)(5) of the Act,²⁰ in particular, because it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The proposed rule change is designed to remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would permit the Exchange to utilize the standard-width quote bid-ask differential to start the Opening Process which will expedite the opening of all options series on the Exchange promptly after the opening of the underlying security, and thus remove impediments to and perfect the mechanism of a free and open market in a way that benefits market participants and enables them to execute their orders on the Exchange.

The proposed rule change contributes to the protection of investors and the public interest by ensuring that if the Exchange should open a series on a quote the opening quote will be within the standard bid-ask differential of Rule 603(b)(4)(i). The Exchange believes this offers better protection than the alternative of requiring no bid-ask differential when opening an option series on a quote.

The proposal would provide fair and orderly means to open a series when the Exchange does not have sufficient executable quotes and/or orders to conduct an Opening Process and would reasonably ensure that the Exchange does not open the series at a price that is beyond the price at which Market Makers are permitted to quote for the series during the trading session, which also contributes to the protection of investors and the public interest, generally. The proposed rule change is also designed to promote just and equitable principles of trade because it

²⁰ 15 U.S.C. 78f(b)(5).

would permit the Exchange to open a series in a manner that is more consistent with the opening of individual series on other option exchanges.²¹

4. 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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes are designed to facilitate the opening of series on the Exchange in a manner that is fair, orderly and more consistent with the practice of other option exchanges. Thus, the Exchange believes that the filing is pro-competitive and should increase intermarket and intramarket competition for options transactions during and immediately after the opening.

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)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act²² and Rule 19b-4(f)(6) thereunder.²³ The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Additionally, the Exchange

²¹ See *supra* notes 13, 14, and 16.

²² 15 U.S.C. 78s(b)(3)(A)(iii).

²³ 17 CFR 240.19b-4(f)(6).

provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the filing, or such shorter time as designated by the Commission.

The Exchange believes that the proposed rule change is non-controversial because the proposal raises no novel issues that have not been previously addressed by the Commission, but rather proposes an approach to opening series for trading on the Exchange similar to that currently available on NYSE Arca, NOM, and BOX and in a manner that is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities on the Exchange. The Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest because it will apply the existing standard bid-ask differentials for trading after the Opening to the Opening Process. Furthermore, the proposed rule change would permit the Exchange to apply the standard-width bid-ask differential to start the Opening Process, thereby reasonably ensuring that the Exchange does not open a series at a price that is beyond the price at which Market Makers are permitted to quote for the series. The Exchange further believes that the proposed rule change will neither affect the protection of investors or the public interest, nor impose a burden on competition, because it is designed to facilitate the opening of series on the Exchange in a manner that is fair, orderly and more consistent with the practice of other option exchanges.²⁴

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the

²⁴ See supra notes 13, 14, and 16.

Commission pursuant to Section 19(b)(3)(A) of the Act²⁵ and Rule 19b-4(f)(6)²⁶ thereunder.

Waiver of the operative delay will allow the participants on the Exchange to benefit from the same level of opportunity on other options exchanges without undue delay.

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 proposed rule change is based on BOX Rule 7070(e), and NOM Chapter VI, Section 8(c)(1) by providing that the Exchange may open on a standard-width quote. The Exchange notes that the proposed rule change differs from the BOX and NOM rules in that those rules do not require a bid-ask differential be met before opening a series on a quote.

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 Change

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2014-18)

May __, 2014

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Exchange Rule 503

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 13, 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 MIAX Rule 503 with respect to the Opening Process in an option series.

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.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rule 503 to change the definition of a valid width NBBO and valid width quote to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). The Exchange's current methodology to start the Opening Process is not conducive to a quick and efficient opening on the Exchange. The proposed rule change will amend the current process to provide that the bid-ask differential to allow for the Exchange System to start the Opening Process based on the bid-ask differentials specified in Rule 603(b)(4)(i), which are wider than the bid-ask differential of Rule 603(b)(4)(ii).³ In addition, the Exchange proposes some technical changes related to the removal of the narrow-width quote standard from Rule 603(b)(4)(ii), as it would no longer be necessary once the definition of a valid width NBBO and valid width quote is updated to correspond to Rule 603(b)(4)(i).

Current Opening Process

Currently, Rule 503 describes the process pursuant to which the Exchange System opens an option series. Pursuant to the procedures described in Rule 503(e), after an initial pause following the dissemination of a quote or trade in the market for the underlying security, the Opening Process starts with one of the following events: (i) the Primary Lead Market Maker's valid width quote has been submitted; (ii) the valid width quotes of at least two Market Makers, where at least one is a Lead Market Maker have been submitted; or (iii) for multiply listed option

³ For purposes of this filing, the quote width in Rule 603(b)(4)(i) will be referred to as the "standard-width quote" and that of Rule 603(b)(4)(ii) will be referred to as the "narrow-width quote."

classes, at least one Eligible Exchange (as defined in Rule 1400(f)) has disseminated a quote in the individual option in accordance with Rule 1402(a), there is a valid width NBBO available and the valid width quote of at least one Lead Market Maker has been submitted.⁴ For the purposes of Rule 503(e) both a valid width NBBO and valid width quote is one where the bid and offer differ by no more than the differences outlined in Rule 603(b)(4)(ii), the narrow-width quote.⁵ Additionally, if after two minutes following the dissemination of a quote or trade in the market for the underlying security none of the provisions described above have occurred, then the opening process can begin when one Market Maker has submitted its valid width quote.⁶ The Primary Lead Market Maker assigned in a particular equity option class must enter valid width quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security.⁷ A Registered Market Maker that submits a quote pursuant to this Rule 503 in any series when a Lead Market Maker's or Primary Lead Market Maker's quote has not been submitted shall be required to submit continuous, two-sided quotes in such series until such time as a Lead Market Maker submits his/her quote, after which the Registered Market Maker that submitted such quote shall be obligated to submit quotations pursuant to Rule 604(e)(3).⁸

Once the Opening Process has been started, the Exchange System will either open with a quote or a trade. Rule 503(f)(1) provides the mechanism by which the Exchange System will

⁴ See Rule 503(e).

⁵ See Rule 603(b)(4)(ii). The bid-ask guidelines specified in Rule 603(b)(4)(ii) that are required to start the Opening Process are narrower than the \$5 wide bid-ask differential for options traded after the opening rotation. See also Rule 603(b)(4)(i). Rule 603(b)(4)(i) provides that options traded after the opening rotation may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.

⁶ See Rule 503(e)(4).

⁷ See Rule 503(e)(5).

⁸ See Rule 503(e)(6).

open on a quote.⁹ Pursuant to Rule 503(f)(1), the Exchange System, if there are no quotes or orders that lock or cross each other, will open by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time. The remainder of Rule 503(f) provides how the Exchange System operates when opening with a trade – scenarios where there are quotes or orders that lock or cross an order. Rule 503(f)(2)-(11) provides the mechanics of how the Exchange System calculates the price of an opening trade and handles any imbalance that may occur.¹⁰ For purposes of opening with a trade, Rule 503(f) utilizes the narrow-width quote used to first start the Opening Process pursuant to Rule 503(e).

Proposed Change to Opening Process

The Exchange proposes to amend Rule 503(e)(2) and (3) to change the definition of a valid width NBBO¹¹ and valid width quote¹² to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). As noted above, the Exchange currently uses the narrow-width quote to define a valid width NBBO and valid width quote. The Exchange proposes to replace references to Rule 603(b)(4)(ii) in Rule 503(e)(2) and (3) with the standard-width quote of Rule 603(b)(4)(i).

Rule 603(b)(4)(i) provides that options, following the opening rotation, may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. The proposed change will align the requirements to open the unopened series on a quote with the existing Market Maker quoting requirements following the opening rotation.

The Exchange believes that the application of the narrow-width quoting requirement of Rule 603(b)(4)(ii) to start the Opening Process prevents series from opening promptly and thus

⁹ See Rule 503(f)(1).

¹⁰ See Rule 503(f).

¹¹ See Rule 503(e)(2).

¹² See Rule 503(e)(3).

unnecessarily delays the execution of orders on the Exchange. The Exchange believes that setting a wider quote differential requirement to start the Opening Process would expedite the opening of all options series on the Exchange promptly after the opening of the underlying security. The Exchange believes that market participants will benefit by having the ability to execute orders on the Exchange without unnecessary delay. In addition, applying the standard-width quote bid-ask differential to start the Opening Process is consistent with the quoting requirements that are applicable following the start of regular trading.

The Exchange further believes that applying the standard-width quote to start the Opening Process is appropriate because it would more closely align the Exchange's Rules with the rules of other option exchanges with respect to opening a series – specifically in the area of opening a series on a quote. Other options exchanges have the ability to open a series for trading when there are no executable orders and/or quotes to conduct an auction. BOX Options Exchange (“BOX”) and NASDAQ Options Market (“NOM”), allow for the opening of series without conducting an opening auction. Similar to the Exchange's proposal, NYSE Arca opens option series for trading after receiving notification of an initial NBBO disseminated by OPRA for the series or on a Market Maker quote, provided that the bid-ask differential does not exceed its standard-width quote of \$5 when not opening with a trade.¹³ On BOX, the BOX system attempts to conduct an opening match (similar to the Exchange's Opening Process) to determine a single price at which a particular option series will be opened.¹⁴ However, if the BOX system is not able to determine an opening price, the option series will nevertheless move from the “Pre-Opening Phase” to the continuous trading phase and the option series will be open for trading. When the option series move from Pre-Opening Phase to the continuous trading phase, there is

¹³ See NYSE Arca Rule 6.64(b)(E). See also Securities Exchange Release No. 68290 (November 26, 2012), 77 FR 71469 (November 30, 2012) (SR-NYSEArca-2012-126).

¹⁴ See BOX Rule 7070(e).

no requirement for a bid-ask differential to be met. Market makers on BOX would only be required to meet the \$5 bid-ask differential in the option series if and when they ever decided to quote.¹⁵ Similarly, NOM has no bid-ask differential requirements to open a series if an “Opening Cross” (similar to Trading Auction) cannot be initiated because there are no opening quotes or orders that lock or cross each other.¹⁶ Specifically, if an Opening Cross cannot be initiated because there are no opening quotes or orders that lock or cross each other, the option series will open for trading on NOM.¹⁷ Market makers on NOM would only be required to meet the \$5 bid-ask differentials in the option series if and when they ever decided to quote.¹⁸ Both, BOX and NOM could open options series and disseminate a protected quotation without the benefit of Market Maker quotation to facilitate price discovery.

By contrast, currently, if the options series does not meet the narrow-width quotes, the series will not start the Opening Process and not open at all on the Exchange, which differs from NYSE Arca, BOX and NOM. As noted above, NYSE Arca requires a Market Maker quote that meets the standard-width requirement to open with a quote and neither BOX nor NOM require any bid-ask differential to be met prior to opening series for trading with a quote. The current inability of the Exchange to open a series without quotes subject to a narrow-width quote requirement puts the Exchange at a competitive disadvantage to other options exchanges that do not have that similar restriction. By not opening the option series, the Exchange cannot display orders in the Exchange System and thus has no protected quotation in the options series. Until the options series officially opens for trading, the Exchange cannot route out orders in the

¹⁵ See BOX Rule 7070(f). See also BOX Rule 8040, which sets forth BOX market maker quoting obligations.

¹⁶ See NOM Chapter VI, Section 8(c)(1).

¹⁷ See *id.*

¹⁸ See NOM Chapter VII, Section 6(d).

Exchange System pursuant to Linkage, nor can it have a protected quote that draws trading interest from other options markets. The Exchange believes that the delay in execution of orders on the Exchange in this situation is unnecessary and harmful to market participants. The Exchange's proposal would provide for the ability to open an option series on a quote in a similar fashion as NYSE Arca, BOX, and NOM. The Exchange believes that having a bid-ask differential requirement to open a series is beneficial for opening series and helps ensure there is a sufficient quoted market in the options series, whether it is via NBBO from OPRA or Market Maker generated quote, prior to opening of the series on the Exchange to facilitate transactions in securities on the Exchange.

Technical Changes

To clarify that the Exchange System uses the standard-width quote standard to start the Opening Process, the Exchange proposes to delete Rule 603(b)(4)(ii). Related to the proposed deletion of Rule 603(b)(4)(ii), the Exchange further proposes replacing the reference to Rule 603(b)(4)(ii) within Rule 521 (Obvious and Catastrophic Errors) with the specific bid-ask differential contained in Rule 603(b)(4)(ii) so that Rule 521 will be substantially unchanged and remain operatively the same.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b)¹⁹ of the Act in general, and furthers the objectives of Section 6(b)(5)²⁰ 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

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed rule change is designed to remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would permit the Exchange to utilize the standard-width quote bid-ask differential to start the Opening Process which will expedite the opening of all options series on the Exchange promptly after the opening of the underlying security, and thus remove impediments to and perfect the mechanism of a free and open market in a way that benefits market participants and enables them to execute their orders on the Exchange.

The proposed rule change contributes to the protection of investors and the public interest by ensuring that if the Exchange should open a series on a quote the opening quote will be within the standard bid-ask differential of Rule 603(b)(4)(i). The Exchange believes this offers better protection than the alternative of requiring no bid-ask differential when opening an option series on a quote.

The proposal would provide fair and orderly means to open a series when the Exchange does not have sufficient executable quotes and/or orders to conduct an Opening Process and would reasonably ensure that the Exchange does not open the series at a price that is beyond the price at which Market Makers are permitted to quote for the series during the trading session, which also contributes to the protection of investors and the public interest, generally. The proposed rule change is also designed to promote just and equitable principles of trade because it would permit the Exchange to open a series in a manner that is more consistent with the opening of individual series on other option exchanges.²¹

²¹ See supra notes 13, 14, and 16.

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 changes are designed to facilitate the opening of series on the Exchange in a manner that is fair, orderly and more consistent with the practice of other option exchanges. Thus, the Exchange believes that the filing is pro-competitive and should increase intermarket and intramarket competition for options transactions during and immediately after the opening.

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 Act²² and Rule 19b-4(f)(6)²³ 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

²² 15 U.S.C. 78s(b)(3)(A).

²³ 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.

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](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2014-18 on the subject line.

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-2014-18. 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-2014-18 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.²⁴

Kevin M. O'Neill
Deputy Secretary

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 503. Openings on the Exchange

(a) – (d) No Change.

(e) Starting the Opening Process

(1) No Change.

(2) For purposes of this rule a valid width NBBO is one where the bid and offer of the NBBO differ by no more than differences outlined in Exchange Rule 603(b)(4)(i[i]).

(3) Also, for purposes of this rule, valid width quote is one where the bid and offer, comprised of a Market Maker's Standard quotes and Day eQuotes, differ by no more than the differences outlined in Exchange Rule 603(b)(4)(i[i]).

(4) – (6) No Change.

(f) – (g) No Change.

Rule 521. Obvious and Catastrophic Errors

The Exchange shall either nullify a transaction or adjust the execution price of a transaction that results in an Obvious Error as provided in this Rule.

(a) No Change.

(b) Definition of Theoretical Price. For purposes of this Rule only, the Theoretical Price of an option is:

(1) No Change.

(2) if there are no quotes for comparison purposes, or if the bid/ask differential of the NBBO for the affected series, just prior to the erroneous transaction, was at least two times the [standard]following bid/ask differential: no more than \$.25 between the bid and offer for each option contract for which the bid is less than \$2, no more than \$.40 where the bid is at least \$2 but does not exceed \$5, no more than \$.50 where the bid is more than \$5 but does not exceed \$10, no more than \$.80 where the bid is more than \$10 but does not exceed \$20, and no more

than \$1 where the bid is more than \$20 [as permitted for pre-opening quotes under Rule 603(b)(4)], as determined by an Exchange Official; or

(3) No Change.

(c) – (g) No Change.

Interpretations and Policies:

.01 For purposes of paragraph (a) of this Rule, the maximum bid/ask spread shall be no more than \$.25 between the bid and offer for each option contract for which the bid is less than \$2, no more than \$.40 where the bid is at least \$2 but does not exceed \$5, no more than \$.50 where the bid is more than \$5 but does not exceed \$10, no more than \$.80 where the bid is more than \$10 but does not exceed \$20, and no more than \$1 where the bid is more than \$20[the standard bid/ask differential as permitted for pre-opening quotes under Rule 603(b)(4)], unless a wider spread has been allowed by the Exchange for the option class because of unusual market conditions.

.02 – .06 No Change.

Rule 603. Obligations of Market Makers

(a) No Change.

(b) Appointment. With respect to each options class to which a Market Maker is appointed under Rule 602, the Market Maker has a continuous obligation to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market:

(1) – (3) No Change.

(4) (i) No Change.

(ii) [Prior to the opening rotation, bid/ask differentials shall be no more than \$.25 between the bid and offer for each option contract for which the bid is less than \$2, no more than \$.40 where the bid is at least \$2 but does not exceed \$5, no more than \$.50 where the bid is more than \$5 but does not exceed \$10, no more than \$.80 where the bid is more than \$10 but does not exceed \$20, and no more than \$1 where the bid is more than \$20; and

(iii)] The Exchange may establish differences other than the bid/ask differentials described in (i) [and (ii)] above for one or more option series or classes.

(5) No Change.

(c) – (d) No Change.
