

OMB APPROVAL

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Page 1 of * 37

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

File No.* SR -2014 - * 23

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(l)(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 *).

Amendment to MIAX Rule 515A.

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.

(Title *)

Date 05/23/2014

Vice President and Senior Counsel

By Brian O'Neill

(Name *)

Persona Not Validated - 1399471823417,

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.

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 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 *

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 *

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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 1 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 Exchange Rule 515A.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, data requested by the Commission is attached hereto as Exhibit 3; and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 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.

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

a. Purpose

The Exchange adopted Rule 515A to establish a price improvement auction (“PRIME Auction”) and a solicited order mechanism (“Solicitation Auction”).³ The Exchange has

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

identified several additional enhancements to the functionality that the Exchange believes should be included in the Rules prior to deployment of the new PRIME Auction and Solicitation Auction functionality. The Exchange proposes to amend Exchange Rules 515A accordingly.

The Exchange proposes to amend Rule 515A(a)(2)(ii) and Rule 515A(b)(2)(ii) in order to provide that the PRIME Auction and Solicitation Auction will conclude upon the receipt by the System of an unrelated order (in the same option as the Agency Order) opposite side of the market from the RFR responses, that is marketable against either the NBBO, the initiating price⁴, or the RFR responses. In addition, the Exchange proposes to separately provide that the PRIME Auction and Solicitation Auction will conclude upon the receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO. Currently, the Rules state that the PRIME Auction and a Solicitation Auction will conclude upon the receipt by the System of an unrelated order on the same side or opposite side of the market from the RFR responses, that is marketable against either the MBBO (when such quote is the NBBO) or the RFR responses.⁵ The proposed change will add the initiating price of the Auction as an additional trigger to cause the early termination of an Auction upon the receipt of an unrelated order on the opposite side of the market from the RFR responses. The proposed change will also use the NBBO as a trigger to cause the early termination of an Auction in lieu of the MBBO when such quote is the NBBO. In addition, the proposed change will restructure the Rules so that the treatment of same side and

³ See Securities Exchange Act Release Nos. 71640 (March 4, 2014), 79 FR 13334 (March 10, 2014) (SR-MIAX-2014-09); 72009 (April 23, 2014), 79 FR 24032 (April 29, 2014) (SR-MIAX-2014-09).

⁴ The “initiating price” is the stopped price specified by the Initiating Member on the Agency Order. See Rule 515A(a)(2)(i)(A).

⁵ See Rules 515A(a)(2)(ii) and 515A(b)(2)(ii). See also CBOE Rules 6.74A(b)(2) and 6.74B(b)(2).

opposite side unrelated orders are described in separate provisions in order to provide additional clarity and reduce the potential for confusion on behalf of market participants. The Exchange proposes to make these enhancements to further ensure that the PRIME Auction and Solicitation Auction will work seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using such additional reasons for terminating an Auction early will improve the interaction between the Auction and the Exchange's Book and the national market system.

The following examples show how the proposed amendments would affect the outcome of the PRIME Auction.

Example 1 - Early Conclusion of Auction, opposite side limit order marketable against NBBO at the time of arrival

NBBO = \$1.20 - \$1.24 200 x 100

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy 50 contracts with a limit of \$1.24

Initiating Member's Contra Order selling 50 contracts with a stop price of \$1.24

RFR sent identifying the option, side and size, initiating price of \$1.24

(Auction Starts)

- @ 200 milliseconds MM3 response received, AOC eQuote to Sell 50 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 50 at \$1.22
- @ 230 milliseconds MM4 response received, AOC eQuote to Sell 50 at \$1.23
- @ 400 milliseconds BD1 Unrelated Order received Sell 10 at \$1.20 (Opposite-side order marketable against the NBB causes an early conclusion to the Auction)

Under this scenario, the Agency Order would be executed as follows:

1. 10 contracts trade with the unrelated order for BD1 @ \$1.21 (midpoint of the best RFR response of \$1.22 and the opposite side of the market from the RFR response of \$1.20)
2. 20 contracts trade with MM3 @ \$1.22
3. 20 contracts trade with MM1 @ \$1.22 (This fills the entire Agency Order)
4. MM4 does not trade any contracts
5. Contra Order does not trade any contracts

Example 2 - Early Conclusion of Auction, opposite side limit order marketable against NBBO at the time of arrival

NBBO = \$1.20 - \$1.24 200 x 100

BBO = \$1.18 - \$1.26 100 x 100

Agency Order to buy 50 contracts with a limit of \$1.24

Initiating Member's Contra Order selling 50 contracts with a stop price of \$1.24

RFR sent identifying the option, side and size, initiating price of \$1.24

(Auction Starts)

- @ 200 milliseconds MM3 response received, AOC eQuote to Sell 50 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 50 at \$1.22
- @ 230 milliseconds MM4 response received, AOC eQuote to Sell 50 at \$1.23
- @ 400 milliseconds BD1 Unrelated Order received Sell 10 at \$1.20 (Opposite-side order marketable against the NBB causes an early conclusion to the Auction)

Under this scenario, the Agency Order would be executed as follows:

1. 10 contracts trade with the unrelated order for BD1 @ \$1.21 (midpoint of the best RFR response of \$1.22 and the opposite side of the market from the RFR response of \$1.20)
2. 20 contracts trade with MM3 @ \$1.22
3. 20 contracts trade with MM1 @ \$1.22 (This fills the entire Agency Order)
4. MM4 does not trade any contracts
5. Contra Order does not trade any contracts

In Example 1, since the MBBO is the same as the NBBO, the outcome of the PRIME Auction will be identical under the proposal as the current approved rule.⁶ However, in Example 2, under the proposal, the PRIME Auction terminates early upon the receipt of the unrelated order that is marketable against the NBBO, but not the MBBO.

Example 3 - Early Conclusion of Auction, IOC marketable against either side of NBBO at time of arrival

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy with a limit price of \$1.22 for 20 contracts

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with initiating price of \$1.22

(Auction Starts)

- @ 100 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 330 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22

⁶ See supra note 3, Example 17.

- @ 400 milliseconds C1 Unrelated IOC Order received Buy 100 at \$1.24 (Same side IOC order to buy marketable against the BO causes the Auction to conclude early)

Under this scenario, the Agency Order would be executed as follows:

1. 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
2. 4 contracts trades with MM3 @ \$1.22
3. 4 contracts trades with MM1 @ \$1.22
4. 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
5. C1 unrelated IOC order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining 52 contracts then executes with the posted market at the Exchange's \$1.24 BO

Example 4 - Early Conclusion of Auction, IOC marketable against either side of NBBO at time of arrival

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.18 - \$1.26 100 x 100

Agency Order to buy with a limit price of \$1.22 for 20 contracts

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with initiating price of \$1.22

(Auction Starts)

- @ 100 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 330 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22
- @ 400 milliseconds C1 Unrelated IOC Order received Buy 100 at \$1.24 (Same side IOC order to buy marketable against the BO causes the Auction to conclude early)

Under this scenario, the Agency Order would be executed as follows:

1. 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
2. 4 contracts trades with MM3 @ \$1.22
3. 4 contracts trades with MM1 @ \$1.22
4. 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
5. C1 unrelated IOC order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining 52 contracts are then canceled

Similarly, in Example 3, since the MBBO is the same as the NBBO, the outcome of the PRIME Auction will be identical under the proposal as the current approved Rule.⁷ However, in Example 4, under the proposal, the PRIME Auction terminates early upon the receipt of the unrelated order that is marketable against the NBBO, not the MBBO.

In Examples 2 and 4, the PRIME Auctions could have continued for another 100 milliseconds under the current approved rule, with the potential for additional price improvement beyond the NBBO to the MBBO. However, there is no guarantee that the market would not move to the detriment of the Agency Order, providing no additional price improvement. Further, the marketable unrelated order could have also executed prior to the end of the Auction Period, thus reducing the potential price improvement for the Agency Order which would be left to execute against any remaining RFR Responses or the initiating member's stop price. Under the proposal, the unrelated order benefits from receiving an execution sooner than anticipated against liquidity that they may not have known was there at the time. The Exchange believes that the benefits of terminating the PRIME Auction early for both the Agency Order and the marketable unrelated order outweigh any marginal loss of opportunity from terminating at the NBBO versus the MBBO.

The Exchange proposes to amend Rule 515A(a)(2)(ii) and Rule 515(b)(2)(ii) to provide that the PRIME Auction and Solicitation Auction will conclude any time an RFR response matches the NBBO on the opposite side of the market from RFR responses. Currently, the Rules state that the PRIME Auction will conclude any time an RFR response matches the MBBO on the opposite side of the market from the RFR responses.⁸ The proposed change will use the

⁷ See supra note 3, Example 24.

⁸ See Rules 515A(a)(2)(ii) and 515A(b)(2)(ii). See also CBOE Rules 6.74A(b)(2) and 6.74B(b)(2).

NBBO as a trigger to cause the early termination of an Auction in lieu of the MBBO. The Exchange proposes to make this enhancement to further ensure that the PRIME Auction and Solicitation Auction will work seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using the NBBO instead of the MBBO as a reason for terminating an Auction early will improve the interaction between the Auction and the national market system.

The following examples show how the proposed amendments would affect the outcome of the PRIME Auction and Solicitation Auction.

Example 5 - Early Conclusion of Auction, same side new BBO improves initiating price

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy 20 contracts with a limit price of \$1.22

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with an initiating price of \$1.22

(Auction Starts)

- @ 300 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 310 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 430 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22
- @ 450 milliseconds C1 Unrelated Order received Buy 100 at \$1.23 (Same side limit order to buy that improves (i.e., is priced higher than) the Agency Order's initiating price causes the Auction to conclude early)

Under this scenario, the Agency Order would be executed as follows:

1. 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
2. 4 contracts trades with MM3 @ \$1.22
3. 4 contracts trades with MM1 @ \$1.22
4. 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
5. C1 unrelated order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining contracts post to the Book as new BB paying \$1.23 for 52 contracts

Example 6 – Solicitation Auction - Customer gets price improved for AON size, unrelated same side order ends auction and trades vs. responses

XYZ Jan 50 Calls

NBBO – 1.10-1.25

BBO – 1.10-1.30

Paired order to execute 2000 contracts AON (customer selling) @ 1.10

A RFR is broadcast to all subscribers showing option, size, side, and price; timer is started

System starts the auction at the Initiating Customer price to sell @ 1.10

- @ 100 milliseconds Response 1 to buy @ 1.10 2000 AOC order arrives
- @ 200 milliseconds Response 2 to buy @ 1.10 2000 AOC order arrives
- @ 220 milliseconds Response 3 to buy @ 1.10 5000 AOC order arrives
- @ 332 milliseconds Response 4 to buy @ 1.20 1000 AOC order arrives
- @ 400 milliseconds Response 5 to buy @ 1.15 2000 AOC order arrives
- @ 450 milliseconds, unrelated same side order arrives selling 100 @1.10 – (Same side limit order to sell that is marketable against Initiating Price or RFR responses causes the Auction to conclude early)

Trade is allocated against Initiating Customer:

1. 1000 trade vs. Response 4 @ 1.20
2. 1000 trade vs. Response 5 @ 1.15
3. Solicited contra does not participate because entire size was price improved
4. Unrelated same side order trades 100 vs. Response 5 @ 1.15; balance of response size is cancelled

In Examples 5 and 6, the outcome of both the PRIME Auction and Solicitation Auction will be identical under the proposal as the current approved Rule.⁹ The Exchange notes that there will be no impact on the allocation or priority.

The Exchange notes that the proposed changes detailed above will likely result in both the shortening of the Auction Period and an increase in the frequency of early conclusions of the Auction for both the PRIME Auction and Solicitation Auction and the Agency Order potentially receiving less opportunity for price improvement. However, the Exchange believes that the

⁹ See supra note 3, Examples 23 and 28.

benefits to market participants (including those participating in the Auctions and outside of the Auctions) as a result of the new proposed enhancements to make both the PRIME Auction and Solicitation Auction more integrated with the Exchange's Book and the national market system, exceed any potential loss of opportunity for price improvement caused by the proposed changes.

The Exchange proposes to amend Interpretations and Policies .06 and .07 of Rule 515A to provide that same treatment for interest subject to a route timer as the Rules currently provide for managed interest. Specifically, the Exchange proposes to amend Interpretation and Policy .06 to provide that if trading interest exists on the Exchange's Book that is subject to the managed interest process pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the opposite side of the market as the Agency Order and when the MBBO is equal to the NBBO, the Agency Order will be automatically executed against the managed interest or route timer interest if the execution would be at a price equal to or better than the initiating price of the Agency Order. If the Agency Order is not fully executed after the managed interest or route timer interest is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the Auction will be initiated for the balance of the order as provided in this rule. With respect to any portion of an Agency Order that is automatically executed against managed interest or route timer interest pursuant to this paragraph .06, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the member utilized the PRIME. Trading interest subject to a route timer on the opposite side of the market as the Agency Order pursuant to Rule 515(c) is posted at one minimum trading increment away from the NBBO, but is available for execution at the NBBO. In order to preserve the priority of trading interest subject to a route timer against incoming RFR responses to the Auction of the Agency Order, the System will execute the Agency Order to the extent possible. The Exchange

believes that this provision is necessary to ensure that PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

In addition, the Exchange proposes to amend Interpretation and Policy .07 to provide that if trading interest exists on the Exchange's Book that is subject to the managed interest process pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction. The Exchange also proposes to provide that if trading interest exists on the MIAX Book that is subject to the liquidity refresh pause pursuant to Rule 515(c) for the option on the same side or opposite side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction. Trading interest subject to a liquidity refresh pause or a route timer is posted at one minimum trading increment away from the NBBO, but is available for execution at the NBBO. In order to preserve the priority of trading interest subject to a liquidity refresh pause or a route timer against incoming RFR responses to the Auction of the Agency Order, the System will reject the Agency Order. The Exchange believes that this provision is necessary to ensure that PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

Finally, the Exchange proposes new Interpretation and Policy .09 to provide that if the market is locked or crossed as defined in Rule 1402 for the option, the Agency Order will be rejected by the System prior to initiating a PRIME Auction or a Solicitation Auction. The

Exchange believes that this provision is necessary to ensure that PRIME works seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

The Exchange also proposes a couple minor technical changes to the Rules. The Exchange also proposes an updated comprehensive list of the data that the Exchange represents that it will collect in order to aid the Commission in its evaluation of the PRIME that incorporates the changes proposed.¹⁰

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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.

The proposal to add the initiating price of the Auction and to use the NBBO as a trigger to cause the early termination of an Auction is designed to facilitate transactions, to remove impediments to and perfect the mechanism of a free and open market by freeing up interest in the Auction when conditions have changed that renders the initiating order no longer marketable to the benefit of market participants. The proposed enhancements to the Rules are designed to

¹⁰ See Rule 515A, Interpretations and Policies .08; Exhibit 3.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

further ensure that the Auctions will work seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using the NBBO instead of the MBBO as a reason for terminating an Auction early will improve the interaction between the Auction and the national market system.

The proposal to provide similar treatment for interest subject to a liquidity refresh pause and a route timer as the Rules currently provide for managed interest is also designed to ensure that PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange in a manner that also protects investors and the public interest.

Finally, the proposal to reject Agency Orders if the market is locked or crossed is designed to ensure that PRIME works seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

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 not necessary or appropriate in furtherance of the purposes of the Act. The PRIME Auction and Solicitation Auction are designed to increase competition for order flow on the Exchange in a manner intended to be beneficial to investors seeking to effect option orders with an opportunity to access additional liquidity and receive price improvement. The Exchange

notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes that the proposed changes to the Auctions are pro-competitive by providing market participants with functionality that is similar to that of other options exchanges.

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)

Not applicable.

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

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

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.

3. Data requested by the Commission.

5. Text of proposed rule change.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2014-23)

May __, 2014

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Rule 515A the MIAX Price Improvement Mechanism

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 23, 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 Exchange Rule 515A.

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 adopted Rule 515A to establish a price improvement auction (“PRIME Auction”) and a solicited order mechanism (“Solicitation Auction”).³ The Exchange has identified several additional enhancements to the functionality that the Exchange believes should be included in the Rules prior to deployment of the new PRIME Auction and Solicitation Auction functionality. The Exchange proposes to amend Exchange Rules 515A accordingly.

The Exchange proposes to amend Rule 515A(a)(2)(ii) and Rule 515A(b)(2)(ii) in order to provide that the PRIME Auction and Solicitation Auction will conclude upon the receipt by the System of an unrelated order (in the same option as the Agency Order) opposite side of the market from the RFR responses, that is marketable against either the NBBO, the initiating price⁴, or the RFR responses. In addition, the Exchange proposes to separately provide that the PRIME Auction and Solicitation Auction will conclude upon the receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO. Currently, the Rules state that the PRIME Auction and a Solicitation Auction will conclude upon the receipt by the System of an unrelated order on the same side or opposite side of the market from the RFR responses, that is marketable

³ See Securities Exchange Act Release Nos. 71640 (March 4, 2014), 79 FR 13334 (March 10, 2014) (SR-MIAX-2014-09); 72009 (April 23, 2014), 79 FR 24032 (April 29, 2014) (SR-MIAX-2014-09).

⁴ The “initiating price” is the stopped price specified by the Initiating Member on the Agency Order. See Rule 515A(a)(2)(i)(A).

against either the MBBO (when such quote is the NBBO) or the RFR responses.⁵ The proposed change will add the initiating price of the Auction as an additional trigger to cause the early termination of an Auction upon the receipt of an unrelated order on the opposite side of the market from the RFR responses. The proposed change will also use the NBBO as a trigger to cause the early termination of an Auction in lieu of the MBBO when such quote is the NBBO. In addition, the proposed change will restructure the Rules so that the treatment of same side and opposite side unrelated orders are described in separate provisions in order to provide additional clarity and reduce the potential for confusion on behalf of market participants. The Exchange proposes to make these enhancements to further ensure that the PRIME Auction and Solicitation Auction will work seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using such additional reasons for terminating an Auction early will improve the interaction between the Auction and the Exchange's Book and the national market system.

The following examples show how the proposed amendments would affect the outcome of the PRIME Auction.

Example 1 - Early Conclusion of Auction, opposite side limit order marketable against NBBO at the time of arrival

NBBO = \$1.20 - \$1.24 200 x 100

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy 50 contracts with a limit of \$1.24

Initiating Member's Contra Order selling 50 contracts with a stop price of \$1.24

RFR sent identifying the option, side and size, initiating price of \$1.24

(Auction Starts)

- @ 200 milliseconds MM3 response received, AOC eQuote to Sell 50 at \$1.22

⁵ See Rules 515A(a)(2)(ii) and 515A(b)(2)(ii). See also CBOE Rules 6.74A(b)(2) and 6.74B(b)(2).

- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 50 at \$1.22
- @ 230 milliseconds MM4 response received, AOC eQuote to Sell 50 at \$1.23
- @ 400 milliseconds BD1 Unrelated Order received Sell 10 at \$1.20 (Opposite-side order marketable against the NBB causes an early conclusion to the Auction)

Under this scenario, the Agency Order would be executed as follows:

1. 10 contracts trade with the unrelated order for BD1 @ \$1.21 (midpoint of the best RFR response of \$1.22 and the opposite side of the market from the RFR response of \$1.20)
2. 20 contracts trade with MM3 @ \$1.22
3. 20 contracts trade with MM1 @ \$1.22 (This fills the entire Agency Order)
4. MM4 does not trade any contracts
5. Contra Order does not trade any contracts

Example 2 - Early Conclusion of Auction, opposite side limit order marketable against NBBO at the time of arrival

NBBO = \$1.20 - \$1.24 200 x 100

BBO = \$1.18 - \$1.26 100 x 100

Agency Order to buy 50 contracts with a limit of \$1.24

Initiating Member's Contra Order selling 50 contracts with a stop price of \$1.24

RFR sent identifying the option, side and size, initiating price of \$1.24

(Auction Starts)

- @ 200 milliseconds MM3 response received, AOC eQuote to Sell 50 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 50 at \$1.22
- @ 230 milliseconds MM4 response received, AOC eQuote to Sell 50 at \$1.23
- @ 400 milliseconds BD1 Unrelated Order received Sell 10 at \$1.20 (Opposite-side order marketable against the NBB causes an early conclusion to the Auction)

Under this scenario, the Agency Order would be executed as follows:

1. 10 contracts trade with the unrelated order for BD1 @ \$1.21 (midpoint of the best RFR response of \$1.22 and the opposite side of the market from the RFR response of \$1.20)
2. 20 contracts trade with MM3 @ \$1.22
3. 20 contracts trade with MM1 @ \$1.22 (This fills the entire Agency Order)
4. MM4 does not trade any contracts
5. Contra Order does not trade any contracts

In Example 1, since the MBBO is the same as the NBBO, the outcome of the PRIME Auction will be identical under the proposal as the current approved rule.⁶ However, in Example 2, under the proposal, the PRIME Auction terminates early upon the receipt of the unrelated order that is marketable against the NBBO, but not the MBBO.

⁶ See supra note 3, Example 17.

Example 3 - Early Conclusion of Auction, IOC marketable against either side of NBBO at time of arrival

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy with a limit price of \$1.22 for 20 contracts

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with initiating price of \$1.22

(Auction Starts)

- @ 100 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 330 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22
- @ 400 milliseconds C1 Unrelated IOC Order received Buy 100 at \$1.24 (Same side IOC order to buy marketable against the BO causes the Auction to conclude early)

Under this scenario, the Agency Order would be executed as follows:

1. 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
2. 4 contracts trades with MM3 @ \$1.22
3. 4 contracts trades with MM1 @ \$1.22
4. 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
5. C1 unrelated IOC order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining 52 contracts then executes with the posted market at the Exchange's \$1.24 BO

Example 4 - Early Conclusion of Auction, IOC marketable against either side of NBBO at time of arrival

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.18 - \$1.26 100 x 100

Agency Order to buy with a limit price of \$1.22 for 20 contracts

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with initiating price of \$1.22

(Auction Starts)

- @ 100 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 210 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 330 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22
- @ 400 milliseconds C1 Unrelated IOC Order received Buy 100 at \$1.24 (Same side IOC order to buy marketable against the BO causes the Auction to conclude early)

Under this scenario, the Agency Order would be executed as follows:

1. 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
2. 4 contracts trades with MM3 @ \$1.22
3. 4 contracts trades with MM1 @ \$1.22
4. 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
5. C1 unrelated IOC order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining 52 contracts are then canceled

Similarly, in Example 3, since the MBBO is the same as the NBBO, the outcome of the PRIME Auction will be identical under the proposal as the current approved Rule.⁷ However, in Example 4, under the proposal, the PRIME Auction terminates early upon the receipt of the unrelated order that is marketable against the NBBO, not the MBBO.

In Examples 2 and 4, the PRIME Auctions could have continued for another 100 milliseconds under the current approved rule, with the potential for additional price improvement beyond the NBBO to the MBBO. However, there is no guarantee that the market would not move to the detriment of the Agency Order, providing no additional price improvement. Further, the marketable unrelated order could have also executed prior to the end of the Auction Period, thus reducing the potential price improvement for the Agency Order which would be left to execute against any remaining RFR Responses or the initiating member's stop price. Under the proposal, the unrelated order benefits from receiving an execution sooner than anticipated against liquidity that they may not have known was there at the time. The Exchange believes that the benefits of terminating the PRIME Auction early for both the Agency Order and the marketable unrelated order outweigh any marginal loss of opportunity from terminating at the NBBO versus the MBBO.

⁷ See supra note 3, Example 24.

The Exchange proposes to amend Rule 515A(a)(2)(ii) and Rule 515(b)(2)(ii) to provide that the PRIME Auction and Solicitation Auction will conclude any time an RFR response matches the NBBO on the opposite side of the market from RFR responses. Currently, the Rules state that the PRIME Auction will conclude any time an RFR response matches the MBBO on the opposite side of the market from the RFR responses.⁸ The proposed change will use the NBBO as a trigger to cause the early termination of an Auction in lieu of the MBBO. The Exchange proposes to make this enhancement to further ensure that the PRIME Auction and Solicitation Auction will work seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using the NBBO instead of the MBBO as a reason for terminating an Auction early will improve the interaction between the Auction and the national market system.

The following examples show how the proposed amendments would affect the outcome of the PRIME Auction and Solicitation Auction.

Example 5 - Early Conclusion of Auction, same side new BBO improves initiating price

NBBO = \$1.20 - \$1.24 200 x 200

BBO = \$1.20 - \$1.24 100 x 100

Agency Order to buy 20 contracts with a limit price of \$1.22

Initiating Member's Contra Order selling 20 contracts at \$1.22

RFR sent identifying the option, side and size, with an initiating price of \$1.22

(Auction Starts)

- @ 300 milliseconds MM3 response received, AOC eQuote to Sell 20 at \$1.22
- @ 310 milliseconds MM1 response received, AOC eQuote to Sell 20 at \$1.22
- @ 430 milliseconds MM4 response received, AOC eQuote to Sell 20 at \$1.22
- @ 450 milliseconds C1 Unrelated Order received Buy 100 at \$1.23 (Same side limit order to buy that improves (i.e., is priced higher than) the Agency Order's initiating price causes the Auction to conclude early)

⁸ See Rules 515A(a)(2)(ii) and 515A(b)(2)(ii). See also CBOE Rules 6.74A(b)(2) and 6.74B(b)(2).

Under this scenario, the Agency Order would be executed as follows:

- 8 contracts trade with the Contra Order @ \$1.22 (This satisfies their 40% participation guarantee)
- 4 contracts trades with MM3 @ \$1.22
- 4 contracts trades with MM1 @ \$1.22
- 4 contracts trade with MM4 @ \$1.22 (This fills the entire Agency Order)
- C1 unrelated order then executes as follows:
 - a. 16 contracts trade with MM3 @ \$1.22
 - b. 16 contracts trade with MM1 @ \$1.22
 - c. 16 contracts trade with MM4 @ \$1.22
 - d. Remaining contracts post to the Book as new BB paying \$1.23 for 52 contracts

Example 6 – Solicitation Auction - Customer gets price improved for AON size, unrelated same side order ends auction and trades vs. responses

XYZ Jan 50 Calls

NBBO – 1.10-1.25

BBO – 1.10-1.30

Paired order to execute 2000 contracts AON (customer selling) @ 1.10

A RFR is broadcast to all subscribers showing option, size, side, and price; timer is started

System starts the auction at the Initiating Customer price to sell @ 1.10

- @ 100 milliseconds Response 1 to buy @ 1.10 2000 AOC order arrives
- @ 200 milliseconds Response 2 to buy @ 1.10 2000 AOC order arrives
- @ 220 milliseconds Response 3 to buy @ 1.10 5000 AOC order arrives
- @ 332 milliseconds Response 4 to buy @ 1.20 1000 AOC order arrives
- @ 400 milliseconds Response 5 to buy @ 1.15 2000 AOC order arrives
- @ 450 milliseconds, unrelated same side order arrives selling 100 @ 1.10 – (Same side limit order to sell that is marketable against Initiating Price or RFR responses causes the Auction to conclude early)

Trade is allocated against Initiating Customer:

1. 1000 trade vs. Response 4 @ 1.20
2. 1000 trade vs. Response 5 @ 1.15
3. Solicited contra does not participate because entire size was price improved
4. Unrelated same side order trades 100 vs. Response 5 @ 1.15; balance of response size is cancelled

In Examples 5 and 6, the outcome of both the PRIME Auction and Solicitation Auction will be identical under the proposal as the current approved Rule.⁹ The Exchange notes that there will be no impact on the allocation or priority.

The Exchange notes that the proposed changes detailed above will likely result in both the shortening of the Auction Period and an increase in the frequency of early conclusions of the Auction for both the PRIME Auction and Solicitation Auction and the Agency Order potentially receiving less opportunity for price improvement. However, the Exchange believes that the benefits to market participants (including those participating in the Auctions and outside of the Auctions) as a result of the new proposed enhancements to make both the PRIME Auction and Solicitation Auction more integrated with the Exchange's Book and the national market system, exceed any potential loss of opportunity for price improvement caused by the proposed changes.

The Exchange proposes to amend Interpretations and Policies .06 and .07 of Rule 515A to provide that same treatment for interest subject to a route timer as the Rules currently provide for managed interest. Specifically, the Exchange proposes to amend Interpretation and Policy .06 to provide that if trading interest exists on the Exchange's Book that is subject to the managed interest process pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the opposite of side of the market as the Agency Order and when the MBBO is equal to the NBBO, the Agency Order will be automatically executed against the managed interest or route timer interest if the execution would be at a price equal to or better than the initiating price of the Agency Order. If the Agency Order is not fully executed after the managed interest or route timer interest is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the Auction will be initiated for the balance of the order as provided in this rule. With respect to any portion of an Agency Order that is automatically executed against

⁹ See supra note 3, Examples 23 and 28.

managed interest or route timer interest pursuant to this paragraph .06, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the member utilized the PRIME. Trading interest subject to a route timer on the opposite side of the market as the Agency Order pursuant to Rule 515(c) is posted at one minimum trading increment away from the NBBO, but is available for execution at the NBBO. In order to preserve the priority of trading interest subject to a route timer against incoming RFR responses to the Auction of the Agency Order, the System will execute the Agency Order to the extent possible. The Exchange believes that this provision is necessary to ensure that PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

In addition, the Exchange proposes to amend Interpretation and Policy .07 to provide that if trading interest exists on the Exchange's Book that is subject to the managed interest process pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction. The Exchange also proposes to provide that if trading interest exists on the MIAX Book that is subject to the liquidity refresh pause pursuant to Rule 515(c) for the option on the same side or opposite side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction. Trading interest subject to a liquidity refresh pause or a route timer is posted at one minimum trading increment away from the NBBO, but is available for execution at the NBBO. In order to preserve the priority of trading interest subject to a liquidity refresh pause or a route timer against incoming RFR responses to the Auction of the Agency Order, the System will reject the Agency Order. The Exchange believes that this provision is necessary to ensure that

PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

Finally, the Exchange proposes new Interpretation and Policy .09 to provide that if the market is locked or crossed as defined in Rule 1402 for the option, the Agency Order will be rejected by the System prior to initiating a PRIME Auction or a Solicitation Auction. The Exchange believes that this provision is necessary to ensure that PRIME works seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

The Exchange also proposes a couple minor technical changes to the Rules. The Exchange also proposes an updated comprehensive list of the data that the Exchange represents that it will collect in order to aid the Commission in its evaluation of the PRIME that incorporates the changes proposed.¹⁰

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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

¹⁰ See Rule 515A, Interpretations and Policies .08; Exhibit 3.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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

The proposal to add the initiating price of the Auction and to use the NBBO as a trigger to cause the early termination of an Auction is designed to facilitate transactions, to remove impediments to and perfect the mechanism of a free and open market by freeing up interest in the Auction when conditions have changed that renders the initiating order no longer marketable to the benefit of market participants. The proposed enhancements to the Rules are designed to further ensure that the Auctions will work seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange. The Exchange believes that by using the NBBO instead of the MBBO as a reason for terminating an Auction early will improve the interaction between the Auction and the national market system.

The proposal to provide similar treatment for interest subject to a liquidity refresh pause and a route timer as the Rules currently provide for managed interest is also designed to ensure that PRIME works seamlessly with the Exchange's Book in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange in a manner that also protects investors and the public interest.

Finally, the proposal to reject Agency Orders if the market is locked or crossed is designed to ensure that PRIME works seamlessly with the national market system in a manner that would ensure a fair and orderly market by maintaining priority of orders and quotes while still affording the opportunity for price improvement on each Auction commenced on the Exchange.

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 PRIME Auction and Solicitation Auction are designed to increase competition for order flow on the Exchange in a manner intended to be beneficial to investors seeking to effect option orders with an opportunity to access additional liquidity and receive price improvement. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes that the proposed changes to the Auctions are pro-competitive by providing market participants with functionality that is similar to that of other options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
or
- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2014-23 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-2014-23. 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-2014-23 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.¹³

Kevin M. O'Neill
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).

EXHIBIT 3**Data To be Provided Periodically to the Commission Pursuant to Rule 515A.08**

The Exchange represents that it will submit certain data, as required by the Commission, to provide supporting evidence that, among other things, there is meaningful competition for all size orders and that there is an active and liquid market functioning on the Exchange outside of the MIAX Price Improvement Mechanism ("PRIME"). Any data that is submitted to the Commission will be provided on a confidential basis.

Thus, to aid the Exchange and Commission in monitoring the PRIME, the Exchange will provide the following additional information upon request (data will be provided separately for mini options and standard options):

- (1) The number of orders of 50 contracts or greater entered into the PRIME;
- (2) The number of orders of fewer than 50 contracts entered into the PRIME;
- (3) The percentage of all orders of 50 contracts or greater sent to the Exchange that are entered into the PRIME;
- (4) The percentage of all orders of fewer than 50 contracts sent to the Exchange that are entered into the PRIME;
- (5) The percentage of all Exchange trades represented by orders of fewer than 50 contracts;
- (6) The percentage of all Exchange trades effected through the PRIME represented by orders of fewer than 50 contracts;
- (7) The percentage of all contracts traded on the Exchange represented by orders of fewer than 50 contracts;
- (8) The percentage of all contracts effected through the PRIME represented by orders of fewer than 50 contracts;
- (9) The spread in the option, at the time an order of 50 contracts or greater is submitted into the PRIME;
- (10) The spread in the option, at the time an order of fewer than 50 contracts is submitted into the PRIME;
- (11) Of PRIME trades for orders of fewer than 50 contracts, the percentage of PRIME trades executed at the NBBO, NBBO plus \$.01, NBBO plus \$.02, NBBO plus \$.03, etc.;

- (12) Of PRIME trades for orders of 50 contracts or greater, the percentage of PRIME trades executed at the NBBO, NBBO plus \$.01, NBBO plus \$.02, NBBO plus \$.03, etc.;
- (13) The number of orders submitted by a Member when the spread was at a particular increment (e.g., \$.01, \$.02, \$.03, etc.). Also, relative to Item 13, for each spread, the Exchange provides the percentage of contracts in orders of fewer than 50 contracts submitted to the PRIME that were traded by: (a) the Member that submitted the order to the PRIME; (b) market makers assigned to the class; (c) other Exchange Members; (d) Priority Customers; (e) non-Priority Customer Public Customers and (f) unrelated orders. For each spread, also specify the percentage of contracts in orders of 50 contracts or greater submitted to the PRIME that were traded by: (a) the Member that submitted the order to the PRIME; (b) market makers assigned to the class; (c) other Exchange Members; (d) Priority Customers; (e) non-Priority Customer Public Customers and (f) unrelated orders.
- (14) For the first and third Wednesday of the month, the: (a) total number of PRIME auctions on that date; (b) number of PRIME auctions where the order submitted to the PRIME was fewer than 50 contracts; (c) number of PRIME auctions where the order submitted to the PRIME was 50 contracts or greater; and (d) number of PRIME auctions (where the order submitted to the PRIME was fewer than 50 contracts and where the order submitted was 50 contracts or greater) where the number of Members participating (excluding the Initiating Member) was zero, one, two, three, four, etc.
- (15) The percentage of all Exchange trades effected through the PRIME in which the Initiating Member has elected to auto-match with a limit price and the percentage of such trades in which the Initiating Member has elected to auto-match without a limit price, and the average amount of price improvement provided to the Agency Order when the Initiating Member has elected to auto-match with a limit price and the average without a limit price, versus the average amount of price improvement provided to the Agency Order when the Initiating Member has chosen a single stop price.
- (16) Finally, regarding situations in which the PRIME is terminated prematurely before the auction's conclusion:
- (a) The number of times that the PRIME concluded early upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the opposite side of the market from RFR responses that is marketable against either the NBBO, initiating price, or the RFR responses, and at what time such order ended the auction. Also, (i) the number of times such orders were entered by the same (or affiliated) firm that initiated the PRIME that was concluded early and (ii) the number of times such orders were entered by a firm (or an affiliate of such firm) that participated in the execution of the PRIME;
 - (b) For the orders addressed in each of (a)(i) and (a)(ii) above, the percentage of PRIME auctions that concluded early due to the receipt by the System of an unrelated order (in the same option as the Agency Order) on the opposite side

of the market from RFR responses that is marketable against either the NBBO, initiating price, or the RFR responses; and the average amount of price improvement provided to the Agency Order when the PRIME is concluded early;

- (c) The number of times that the PRIME concluded early upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO. Also, (i) the number of times such orders were entered by the same (or affiliated) firm that initiated the PRIME and (ii) the number of times such orders were entered by a firm (or an affiliate of such firm) that participated in the execution of the Agency Order;
- (d) For orders addressed in each of (c)(i) and (c)(ii) above, the percentage of PRIME auctions that concluded early due to the receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO; and the average amount of price improvement provided to the Agency Order when the PRIME is concluded early;
- (e) The number of times that the PRIME concluded early upon receipt by the System of an unrelated limit order (in the same option as the Agency Order) on the opposite side of the market from the Agency Order that improves any RFR response and at what time such order ended the auction. Also, (i) the number of times such orders were entered by the same (or affiliated) firm that initiated the PRIME and (ii) the number of times such orders were entered by a firm (or an affiliate of such firm) that participated in the execution of the Agency Order;
- (f) For the orders addressed in each of (e)(i) and (e)(ii) above, the percentage of PRIME auctions that concluded early due to the receipt by the System of an unrelated limit order (in the same option as the Agency Order) on the opposite side of the market from the Agency Order that improves any RFR response; and the average amount of price improvement provided to the Agency Order when the PRIME is concluded early;
- (g) The number of times that the PRIME concluded early when an RFR response matches the NBBO on the opposite side of the market from the RFR responses and at what time such order ended the auction. Also, (i) the number of times such orders were entered by the same (or affiliated) firm that initiated the PRIME and (ii) the number of times such orders were entered by a firm (or an affiliate of such firm) that participated in the execution of the Agency Order;
- (h) For the orders addressed in each of (g)(i) and (g)(ii) above, the percentage of PRIME auctions that concluded early due to an RFR response that matches the NBBO on the opposite side of the market from the RFR responses; and the

- average amount of price improvement provided to the Agency Order when the PRIME is concluded early;
- (i) With respect to a quote lock on the Exchange pursuant to Rule 1402 that has occurred with an Agency Order to buy, the number of times that the quote was locked at the existing best bid and the number of times that the quote was locked at the existing best offer, and the firm that caused the quote lock;
 - (j) With respect to a quote lock on the Exchange pursuant to Rule 1402 that has occurred with an Agency Order to sell, the number of times that the quote was locked at the existing best bid and the number of times that the quote was locked at the existing best offer, and the firm that caused the quote lock;
 - (k) The frequency with which early termination due to a quote lock on the Exchange pursuant to Rule 1402 results in price improvement for the Agency Order; and the average amount of price improvement provided to the Agency Order;
 - (l) The number of times that the Auction concluded early due to a trading halt and at what time the trading halt ended the PRIME. Of the PRIME auctions that concluded early due to a trading halt, the number that resulted in price improvement over the Agency Order stop price, and the average amount of price improvement provided to the Agency Order. Further, in the PRIME auctions that concluded early due to a trading halt, the percentage of contracts that received price improvement over the Agency Order stop price; and
 - (m) The average amount of price improvement provided to the initiating order when the PRIME is not concluded early.

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 515A. MIAX Price Improvement Mechanism (“PRIME”) and PRIME Solicitation Mechanism

(a) **Price Improvement Mechanism (“PRIME”).** PRIME is a process by which a Member may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest, and/or an Agency Order against solicited interest.

(1) No Change.

(i) No Change.

(ii) **Conclusion of Auction.** The Auction shall conclude at the sooner of (A) through ([F]G) below with the Agency Order executing pursuant to paragraph (iii) below.

(A) The end of the RFR period;

(B) Upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the [same side or]opposite side of the market from the RFR responses, that is marketable against either the [MBBO (when such quote is the NBBO)]NBBO, the initiating price, or the RFR responses;

(C) Upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO.

[(C)D] Upon receipt by the System of an unrelated limit order (in the same option as the Agency Order) [and]on the opposite side of the market from the Agency Order[] that improves any RFR response;

[(D)E] Any time an RFR response matches the [MBBO]NBBO on the opposite side of the market from the RFR responses;

[(E)F] Any time there is a quote lock in the subject option on the Exchange pursuant to Rule 1402; or

[(F)G] Any time there is a trading halt in the option on the Exchange.

(iii) No Change.

(b) **PRIME Solicitation Mechanism.** A Member that represents agency orders may electronically execute orders it represents as agent (“Agency Order”) against solicited orders provided it submits both the Agency Order and solicited orders for electronic execution into the PRIME Solicitation Mechanism (“Solicitation Auction”) pursuant to this Rule.

(1) No Change.

(2) **Solicitation Auction Process.** The Solicitation Auction shall proceed as follows:

(i) No Change.

(ii) **Solicitation Auction Conclusion.** The Solicitation Auction shall conclude at the sooner of:

(A) The end of the RFR period;

(B) Upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the [same side or]opposite side of the market from the RFR responses, that is marketable against either the [MBBO (when such quote is the NBBO)]NBBO, the initiating price, or the RFR responses;

(C) Upon receipt by the System of an unrelated order (in the same option as the Agency Order) on the same side of the market as the RFR responses, that is marketable against the NBBO.

([C]D) Upon receipt by the System of an unrelated limit order (in the same option as the Agency Order) [and]on the opposite side of the market as the Agency Order[)] that improves any RFR response;

([D]E) Any time an RFR response matches the [MBBO]NBBO on the opposite side of the market from the RFR responses;

([E]F) Any time there is a quote lock on the Exchange pursuant to Rule 1402; or

([F]G) Any time there is a trading halt in the option on the Exchange.

(iii) No Change.

Interpretations and Policies:

.01 - .05 No Change.

.06 If trading interest exists on the MIAX Book that is subject to the managed interest process [managed interest exists on the MIAX Book]pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the opposite of side of the market as the Agency Order and when the MBBO is equal to the NBBO, the Agency Order will be automatically executed against the managed interest or route timer interest if the execution would be at a price equal to or better than the initiating price of the Agency Order. If the Agency Order is not fully executed after the managed interest or route timer interest is fully exhausted and is no longer at a price equal to the initiating price of the Agency Order, the Auction will be initiated for the balance of the order as provided in this rule. With respect to any portion of an Agency Order that is automatically executed against managed interest or route timer interest pursuant to this paragraph .06, the exposure requirements contained in Rule 520(b) and (c) will not be satisfied just because the member utilized the PRIME.

.07 If trading interest exists on the MIAX Book that is subject to the managed interest process [managed interest exists on the MIAX Book]pursuant to Rule 515(c) or a route timer pursuant to Rule 529 for the option on the same side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction. If trading interest exists on the MIAX Book that is subject to the liquidity refresh pause pursuant to Rule 515(c) for the option on the same side or opposite side of the market as the Agency Order, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction.

.08 No Change.

.09 If the market is locked or crossed as defined in Rule 1402 for the option, the Agency Order will be rejected by the System prior to initiating an Auction or a Solicitation Auction.
