

OMB APPROVAL

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Page 1 of \* 34

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

File No.\* SR - 2014 - \* 45

Amendment No. (req. for Amendments \*)

Filing by Miami International Securities Exchange, LLC.  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial \*  Amendment \*  Withdrawal  Section 19(b)(2) \*  Section 19(b)(3)(A) \*  Section 19(b)(3)(B) \*

Pilot  Extension of Time Period for Commission Action \*  Date Expires \*

Rule  
 19b-4(f)(1)  19b-4(f)(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 the MIAX Options Fee Schedule.

**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 08/15/2014 Vice President and Senior Counsel  
 By Brian O'Neill

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 EFFS 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 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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend the MIAX Options Fee Schedule.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the proposed Fee Schedule is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 12, 2013. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Brian O’Neill, Vice President and Senior Counsel, at 609-897-1434.

**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 the Fee Schedule to adopt transaction fees and rebates for Members that participate in the price improvement auction (“PRIME Auction” or “PRIME”)

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

pursuant to Rule 515A.<sup>3</sup> The Exchange intends to implement the PRIME Auction mechanism August 8, 2014 and therefore proposes to add PRIME Auction transaction fees and rebates to the Fee Schedule so that such fees and rebates will be in place once the PRIME Auction mechanism is implemented.

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. The Agency Order is referred to as a PRIME Agency Order for purposes of the Fee Schedule. The Member that submits the PRIME Agency Order (the “Initiating Member”) agrees to guarantee the execution of the PRIME Agency Order by submitting a contra-side order representing principal interest or solicited interest (“Contra-side Order”).<sup>4</sup> When the Exchange receives a properly designated Agency Order for Auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. Members may submit responses to the RFR (specifying prices and sizes). RFR responses can be either an Auction or Cancel (“AOC”) order or an AOC eQuote.<sup>5</sup>

As described above, there are three ways to participate in a PRIME Auction: (i) as an Agency Order, also known as a PRIME Agency Order; (ii) as the Contra-side Order guaranteeing the execution of the PRIME Order; and (iii) any RFR response in the form of an AOC order or AOC eQuote.

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<sup>3</sup> See Exchange Rule 515A. See also Securities Exchange Act Release Nos. 71640 (March 4, 2014), 79 FR 13334 (March 10, 2014) (SR-MIAX-2014-09) (“Notice”); 72009 (April 23, 2014), 79 FR 24032 (April 29, 2014) (SR-MIAX-2014-09).

<sup>4</sup> The paired order submitted to PRIME that includes both the PRIME Agency Order and the Contra-side Order is referred to as the PRIME Order for purposes of the Fee Schedule.

<sup>5</sup> See Exchange Rules 515A(a)(2)(i)(D), 516(b)(4), 517(a)(2)(ii).

The Exchange proposes to charge the following transaction fees for participation in the PRIME Auction:

Types of Market Participants	PRIME Order		Responder to PRIME Auction	
	Per Contract Fee for Agency Order	Per Contract Fee for Contra-side Order	Per Contract Fee for Penny Classes	Per Contract Fee for Non-Penny Classes
<i>Priority Customer</i>	\$ 0.00	\$ 0.00	\$ 0.45	\$ 0.90
<i>Public Customer that is Not a Priority Customer</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>MIAX Market Maker</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Non-MIAX Market Maker</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Non-Member Broker-Dealer</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Firm</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90

The Exchange also proposes to adopt the following rebates to be paid to the Initiating Member for each PRIME Order contract that trades with a PRIME AOC Response:

Types of Market Participants	PRIME Break-up	
	Per Contract Credit for Penny Classes	Per Contract Credit for Non-Penny Classes
<i>Priority Customer</i>	\$ 0.25	\$ 0.60
<i>Public Customer that is Not a Priority Customer</i>	\$ 0.25	\$ 0.60
<i>MIAX Market Maker</i>	\$ 0.25	\$ 0.60
<i>Non-MIAX Market Maker</i>	\$ 0.25	\$ 0.60
<i>Non-Member Broker-Dealer</i>	\$ 0.25	\$ 0.60
<i>Firm</i>	\$ 0.25	\$ 0.60

MIAX will apply the PRIME Break-up credit to the EEM that submitted the PRIME Order for contracts that are submitted to the PRIME Auction that trade with a PRIME AOC Response. The applicable fee for PRIME Orders will be applied to any contracts for which a credit is provided.<sup>6</sup> Transaction fees in mini-options will be 1/10th of the standard per contract fee or rebate shown above for the PRIME Auction. However, the Exchange will assess the standard transaction fees to a PRIME AOC Response if they execute against unrelated orders.

The Exchange proposes to amend the Priority Customer Rebate Program to provide that the Exchange will credit each Member \$0.10 per contract credit for each Priority Customer order executed as a PRIME Agency Order. However, no rebates will be paid if the PRIME Agency Order executes against a Contra-side Order which is also a Priority Customer. The \$0.10 per contract credit would be applied in lieu of the applicable credit that would otherwise apply to the transaction based on the volume thresholds or whether the options class was a MIAX Select Symbol. In addition, the Exchange proposes to exclude from the Priority Customer Rebate Program, and the corresponding volume calculation, orders that are executed as a Priority Customer-to-Priority Customer Order, PRIME AOC Response, and PRIME Contra-side Order.

The Exchange proposes to provide that transaction fees resulting from participation in a PRIME Auction as a PRIME AOC Response, or rebates from the PRIME Break-up credit, will not count towards the Monthly Firm Fee Cap. Transaction fees from Firm orders that participate in the PRIME Auction as a PRIME Agency Order or Contra-side Order will count towards the Monthly Firm Fee Cap.

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<sup>6</sup> For example, BD1 submits a Firm PRIME Order into PRIME for 100 contracts in a penny options class. 60 contracts trade with MM1 AOC Response and 40 contracts trade with the Contra-side Order. The Exchange would assess the following transaction fees: (i) PRIME Agency Order, 100 contracts x \$0.30 per contract, plus 60 x \$0.25 break-up credit; (ii) Contra-side Order, 40 contracts x \$0.05; and (iii) Responder, 60 contracts x \$0.45.

Finally, the Exchange proposes to add text to clarify that PRIME Agency Order, Contra-side Order, or PRIME AOC Response executions will not result in the collection of marketing fees. Specifically, the Exchange will not assess a marketing fee to Market Makers for contracts executed as a PRIME Order or PRIME AOC Response in the PRIME Auction; unless, it executes against an unrelated order. Unrelated Market Maker orders or quotes that execute against the PRIME Order will still be subject to marketing fees.

The Exchange proposes to implement the new PRIME Auction transaction fees and rebates beginning August 8, 2014.

b. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>8</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that the proposed fee structure for PRIME Auction transaction fees is reasonable, equitable and not unfairly discriminatory. The proposed fee structure is reasonably designed because it will incent market participants to send order flow to the Exchange in order to participate in the price improvement mechanism in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The Program is also reasonably designed because the proposed fees and rebates are within the range of fees and rebates assessed by other exchanges employing similar

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4).

fee structures for price improvement mechanisms.<sup>9</sup> Other competing exchanges offer different fees and rebates for agency orders, contra-side order, and responders to the auction in a manner similar to the proposal.<sup>10</sup> Other competing exchanges also charge different rates for transactions in their price improvement mechanisms for customers versus their non-customers in a manner similar to the proposal.<sup>11</sup> As proposed, all applicable fees and rebates are within the range of fees and rebates for executions in price improvement mechanisms assessed by other exchanges employing similar fee structures for price improvement mechanisms.

The fee structure is reasonable, equitable, and not unfairly discriminatory because it will apply equally amongst all Priority Customer orders in each category of PRIME Auction participation and it will also apply equally amongst all non-Priority Customer orders in each category of PRIME Auction participation. All similarly situated orders for Priority Customers are subject to the same transaction fee and rebate schedule. All similarly situated orders for market participants that are not Priority Customers are subject to the same transaction fee and rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory. The Exchange believes that is equitable and not unfairly discriminatory that Priority Customers be charged lower fees in PRIME than other market participants. The exchanges in general have historically aimed to improve markets for investors and develop various features within market structure for customer benefit. The Exchange does not assess Priority Customers transactions fees because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Priority Customer liquidity benefits all

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<sup>9</sup> See e.g., NYSE Amex Options Fee Schedule, p. 7; International Securities Exchange LLC Schedule of Fees, p. 6; BOX Options Exchange Fee Schedule, p. 1.

<sup>10</sup> Id.

<sup>11</sup> Id.



market participants by providing more trading opportunities, which attracts Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Moreover, the Exchange believes that assessing all other market participants a higher transaction fee than Priority Customers for PRIME Order transactions is reasonable, equitable, and not unfairly discriminatory because these types of market participants are more sophisticated and have higher levels of order flow activity and system usage. This level of trading activity draws on a greater amount of system resources than that of Priority Customers, and thus, generates greater ongoing operational costs. Further, the Exchange believes that charging all market participants that are not Priority Customers the same fee for all PRIME transactions is not unfairly discriminatory as the fees will apply to all these market participants equally.

The Exchange believes that it is reasonable for PRIME Orders to be assessed lower fees than those providing responses. Contra-side Orders guarantee the PRIME Agency Order, and are subject to market risk during the time period that the PRIME Agency Order is exposed to other market participants. The Exchange believes that the Contra-side Order acts as a critical role in the PRIME as their willingness to guarantee the PRIME Agency Order is the keystone to the PRIME Agency Order gaining the opportunity for price improvement.

The Exchange believes that it is equitable and not unfairly discriminatory to assess fees to responders to the PRIME and credit another participant to provide incentive for participants to submit order flow to PRIME. The Exchange believes that it is appropriate to provide incentives to market participants to direct orders to participate in PRIME. Further, the Exchange believes that the transaction fees for responding to the auction will not deter market participants from providing price improvement.

The Exchange believes that it is reasonable to assess lower transaction and credit rates to penny option classes than non-penny option classes. The Exchange believes that options which trade at these wider spreads merit offering greater inducement for market participants. In particular, within the PRIME, option classes that typically trade in minimum increments of \$.05 or \$.10 provide greater opportunity for market participants to offer price improvement. As such, the Exchange believes that the opportunity for additional price improvement provided by these wider spreads again merits offering greater incentive for market participants to increase the potential price improvement for customer orders in these transactions.

The Exchange believes that the proposed Priority Customer Rebate Program rebates for Priority Customer orders submitted into PRIME are fair, equitable and not unreasonably discriminatory. The rebate program is reasonably designed because it will incent providers of Priority Customer order flow to send that Priority Customer order flow to the Exchange in order to receive a credit in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The proposed rebate program is fair, equitable, and not unreasonably discriminatory because it will apply equally to all Priority Customer orders submitted as a PRIME Agency Order. All similarly situated Priority Customer orders are subject to the same rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory. In addition, the Program is equitable and not unfairly discriminatory because, while only Priority Customer order flow qualifies for the rebate program, an increase in Priority Customer order flow will bring greater volume and liquidity, which benefit all market participants by providing more trading opportunities and tighter spreads. Market participants want to trade with Priority Customer order flow. To the extent Priority Customer order flow is increased by the proposal, market participants will increasingly

compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger sized quotations in the effort to trade with such Priority Customer order flow. The resulting increased volume and liquidity will benefit those Members who receive the lower tier levels, or do not qualify for the Program at all, by providing more trading opportunities and tighter spreads.

The Exchange believes excluding Priority Customer-to-Priority Customer Orders, Priority Customer responses, contra-side orders, and Priority Customer-to-Priority Customer PRIME transactions from the number of options contracts executed on the Exchange by any Member for purposes of the volume thresholds and the rebate program is reasonable, equitable, and not unfairly discriminatory because participating Members could otherwise game the rebate program and volume thresholds by executing excess volumes in these types of transactions in which no transaction fees are charged on the Exchange. Further, the Exchange believes that excluding these PRIME transactions from the volume thresholds is reasonable, equitable, and not unfairly discriminatory because the volume thresholds and rebate program was established prior to the introduction of the PRIME Auction based on non-auction transaction fee and volume calculations. In contrast, the Exchange proposes to target new volume to the Exchange to compete with electronic price improvement mechanisms on other exchanges. The Exchange believes that the new rebate for Priority Customer agency orders in the PRIME Auction is reasonably designed to incentivize additional retail customer order flow to the PRIME Auction. The Exchange further believes that subjecting Priority Customer-to-Priority Customer Orders to the same treatment as Priority Customer-to-Priority Customer PRIME transactions is reasonable and not unfairly discriminatory because these transactions are substantially similar; as such, they should be subject to similar fees. Participating Members could otherwise game the rebate

program and volume thresholds by executing excess volumes in these types of transactions in which no transaction fees are charged on the Exchange.

The Exchange believes that specifying that transaction fees for responses and the break-up credit will not count towards the Monthly Firm Fee Cap is reasonable and not unfairly discriminatory because the fee cap was established prior to the introduction of the PRIME Auction based on non-auction transaction fee and volume calculations. With the PRIME Auction, the Exchange proposes to target new volume to the Exchange to compete with electronic price improvement mechanisms available on other exchanges. Any transaction fees and volume that would be executed as part of the PRIME Auction was not factored into the creation of the Exchange's previous Monthly Firm Fee Cap. As such, the Exchange believes that it is reasonable to exclude responses and the break-up credit that will result from the PRIME Auction from this cap, because market participants would not be using the new PRIME Auction in order to meet the Monthly Firm Fee Cap.

The Exchange believes that specifying that PRIME Order executions are not subject to marketing fees is reasonable, equitable and not unfairly discriminatory. The Exchange is seeking to encourage all participants, including Market Makers, to send PRIME Orders and to respond to PRIME Auction RFR messages; the Exchange believes that collecting marketing fees from Market Makers may discourage such participation. By encouraging as many participants as possible to respond, the Exchange believes that it will lead to greater opportunities for price improvement for all PRIME Orders, not just those entered on behalf of customers. For these reasons, the Exchange believes that excluding PRIME Orders and responses from the marketing fees is reasonable, equitable and not unfairly discriminatory. The Exchange believes that it is equitable and not unfairly discriminatory to continue to charge a marketing fee if an unrelated

order executes in the PRIME, because that unrelated order is not subject to the specialized fee structure for PRIME that is designed to incentivize participation. The market participant receives the benefit of a PRIME execution and would already expect to be charged a marketing fee that is no different than the fee the market participant was expecting to pay trading against unrelated orders outside the auction.

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

MIAX does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change will enhance the competitiveness of the Exchange relative to other exchanges that offer their own electronic crossing mechanism. The Exchange believes that the proposed fees and rebates for participation in the PRIME Auction are not going to have an impact on intra-market competition based on the total cost for participants to transact as respondents to the Auction as compared to the cost for participants to engage in non-Auction electronic transactions on the Exchange. As noted above, the Exchange believes that the proposed pricing for the PRIME Auction is comparable to that of other exchanges offering similar electronic price improvement mechanisms, and the Exchange believes that, based on experience with electronic price improvement crossing mechanisms on other markets, market participants understand that the price-improving benefits offered by the Auction justify and offset the transaction costs associated with Auction. To the extent that there is a difference between non-Auction transactions and Auction transactions, the Exchange does not believe this difference will cause participants to refrain from responding to Auctions. In addition, the Exchange does not believe that the proposed transaction fees and credits burden competition by creating a disparity of transaction fees between the PRIME Order and the transaction fees a

responder pays would result in certain participants being unable to compete with the Contra-side Order. The Exchange expects to see robust competition within the PRIME Auction, despite the apparent differences in non-Auction versus Auction responses. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposed rule change reflects this competitive environment because it establishes a fee structure in a manner that encourages market participants to direct their order flow, to provide liquidity, and to attract additional transaction volume to the Exchange.

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

No written comments were either solicited or received.

**6. Extension of Time Period for Commission Action**

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>12</sup> and Rule 19b-4(f)(2) thereunder<sup>13</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>13</sup> 17 CFR 240.19b-4.

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

While other competing exchanges offer specialized fee structures for their price improvement mechanisms that may be similar to the proposal, the proposed fee structure is not based on the fees of another exchange.<sup>14</sup>

**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. Applicable section of the MIAX Fee Schedule.

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<sup>14</sup> See e.g., NYSE Amex Options Fee Schedule, p. 7; International Securities Exchange LLC Schedule of Fees, p. 6; BOX Options Exchange Fee Schedule, p. 1.

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2014-45)

August \_\_, 2014

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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 15, 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 the MIAX Options Fee Schedule.

The text of the proposed rule change is available on the Exchange’s website at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 the Fee Schedule to adopt transaction fees and rebates for Members that participate in the price improvement auction ("PRIME Auction" or "PRIME") pursuant to Rule 515A.<sup>3</sup> The Exchange intends to implement the PRIME Auction mechanism August 8, 2014 and therefore proposes to add PRIME Auction transaction fees and rebates to the Fee Schedule so that such fees and rebates will be in place once the PRIME Auction mechanism is implemented.

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. The Agency Order is referred to as a PRIME Agency Order for purposes of the Fee Schedule. The Member that submits the PRIME Agency Order (the "Initiating Member") agrees to guarantee the execution of the PRIME Agency Order by submitting a contra-side order representing principal interest or solicited interest ("Contra-side Order").<sup>4</sup> When the Exchange receives a properly designated Agency Order for Auction processing, a Request for Responses ("RFR") detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange's data feeds. Members may submit responses to

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<sup>3</sup> See Exchange Rule 515A. See also Securities Exchange Act Release Nos. 71640 (March 4, 2014), 79 FR 13334 (March 10, 2014) (SR-MIAX-2014-09) ("Notice"); 72009 (April 23, 2014), 79 FR 24032 (April 29, 2014) (SR-MIAX-2014-09).

<sup>4</sup> The paired order submitted to PRIME that includes both the PRIME Agency Order and the Contra-side Order is referred to as the PRIME Order for purposes of the Fee Schedule.

the RFR (specifying prices and sizes). RFR responses can be either an Auction or Cancel (“AOC”) order or an AOC eQuote.<sup>5</sup>

As described above, there are three ways to participate in a PRIME Auction: (i) as an Agency Order, also known as a PRIME Agency Order; (ii) as the Contra-side Order guaranteeing the execution of the PRIME Order; and (iii) any RFR response in the form of an AOC order or AOC eQuote.

The Exchange proposes to charge the following transaction fees for participation in the PRIME Auction:

Types of Market Participants	PRIME Order		Responder to PRIME Auction	
	Per Contract Fee for Agency Order	Per Contract Fee for Contra-side Order	Per Contract Fee for Penny Classes	Per Contract Fee for Non-Penny Classes
<i>Priority Customer</i>	\$ 0.00	\$ 0.00	\$ 0.45	\$ 0.90
<i>Public Customer that is Not a Priority Customer</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>MIAX Market Maker</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Non-MIAX Market Maker</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Non-Member Broker-Dealer</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90
<i>Firm</i>	\$ 0.30	\$ 0.05	\$ 0.45	\$ 0.90

The Exchange also proposes to adopt the following rebates to be paid to the Initiating Member for each PRIME Order contract that trades with a PRIME AOC Response:

<sup>5</sup> See Exchange Rules 515A(a)(2)(i)(D), 516(b)(4), 517(a)(2)(ii).

Types of Market Participants	PRIME Break-up	
	Per Contract Credit for Penny Classes	Per Contract Credit for Non-Penny Classes
<i>Priority Customer</i>	\$ 0.25	\$ 0.60
<i>Public Customer that is Not a Priority Customer</i>	\$ 0.25	\$ 0.60
<i>MIAX Market Maker</i>	\$ 0.25	\$ 0.60
<i>Non-MIAX Market Maker</i>	\$ 0.25	\$ 0.60
<i>Non-Member Broker-Dealer</i>	\$ 0.25	\$ 0.60
<i>Firm</i>	\$ 0.25	\$ 0.60

MIAX will apply the PRIME Break-up credit to the EEM that submitted the PRIME Order for contracts that are submitted to the PRIME Auction that trade with a PRIME AOC Response. The applicable fee for PRIME Orders will be applied to any contracts for which a credit is provided.<sup>6</sup> Transaction fees in mini-options will be 1/10th of the standard per contract fee or rebate shown above for the PRIME Auction. However, the Exchange will assess the standard transaction fees to a PRIME AOC Response if they execute against unrelated orders.

The Exchange proposes to amend the Priority Customer Rebate Program to provide that the Exchange will credit each Member \$0.10 per contract credit for each Priority Customer order executed as a PRIME Agency Order. However, no rebates will be paid if the PRIME Agency Order executes against a Contra-side Order which is also a Priority Customer. The \$0.10 per contract credit would be applied in lieu of the applicable credit that would otherwise apply to the

<sup>6</sup> For example, BD1 submits a Firm PRIME Order into PRIME for 100 contracts in a penny options class. 60 contracts trade with MM1 AOC Response and 40 contracts trade with the Contra-side Order. The Exchange would assess the following transaction fees: (i) PRIME Agency Order, 100 contracts x \$0.30 per contract, plus 60 x \$0.25 break-up credit; (ii) Contra-side Order, 40 contracts x \$0.05; and (iii) Responder, 60 contracts x \$0.45.

transaction based on the volume thresholds or whether the options class was a MIAX Select Symbol. In addition, the Exchange proposes to exclude from the Priority Customer Rebate Program, and the corresponding volume calculation, orders that are executed as a Priority Customer-to-Priority Customer Order, PRIME AOC Response, and PRIME Contra-side Order.

The Exchange proposes to provide that transaction fees resulting from participation in a PRIME Auction as a PRIME AOC Response, or rebates from the PRIME Break-up credit, will not count towards the Monthly Firm Fee Cap. Transaction fees from Firm orders that participate in the PRIME Auction as a PRIME Agency Order or Contra-side Order will count towards the Monthly Firm Fee Cap.

Finally, the Exchange proposes to add text to clarify that PRIME Agency Order, Contra-side Order, or PRIME AOC Response executions will not result in the collection of marketing fees. Specifically, the Exchange will not assess a marketing fee to Market Makers for contracts executed as a PRIME Order or PRIME AOC Response in the PRIME Auction; unless, it executes against an unrelated order. Unrelated Market Maker orders or quotes that execute against the PRIME Order will still be subject to marketing fees.

The Exchange proposes to implement the new PRIME Auction transaction fees and rebates beginning August 8, 2014.

## 2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>8</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4).

The Exchange believes that the proposed fee structure for PRIME Auction transaction fees is reasonable, equitable and not unfairly discriminatory. The proposed fee structure is reasonably designed because it will incent market participants to send order flow to the Exchange in order to participate in the price improvement mechanism in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The Program is also reasonably designed because the proposed fees and rebates are within the range of fees and rebates assessed by other exchanges employing similar fee structures for price improvement mechanisms.<sup>9</sup> Other competing exchanges offer different fees and rebates for agency orders, contra-side order, and responders to the auction in a manner similar to the proposal.<sup>10</sup> Other competing exchanges also charge different rates for transactions in their price improvement mechanisms for customers versus their non-customers in a manner similar to the proposal.<sup>11</sup> As proposed, all applicable fees and rebates are within the range of fees and rebates for executions in price improvement mechanisms assessed by other exchanges employing similar fee structures for price improvement mechanisms.

The fee structure is reasonable, equitable, and not unfairly discriminatory because it will apply equally amongst all Priority Customer orders in each category of PRIME Auction participation and it will also apply equally amongst all non-Priority Customer orders in each category of PRIME Auction participation. All similarly situated orders for Priority Customers are subject to the same transaction fee and rebate schedule. All similarly situated orders for market participants that are not Priority Customers are subject to the same transaction fee and rebate schedule, and access to the Exchange is offered on terms that are not unfairly

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<sup>9</sup> See e.g., NYSE Amex Options Fee Schedule, p. 7; International Securities Exchange LLC Schedule of Fees, p. 6; BOX Options Exchange Fee Schedule, p. 1.

<sup>10</sup> Id.

<sup>11</sup> Id.

discriminatory. The Exchange believes that is equitable and not unfairly discriminatory that Priority Customers be charged lower fees in PRIME than other market participants. The exchanges in general have historically aimed to improve markets for investors and develop various features within market structure for customer benefit. The Exchange does not assess Priority Customers transactions fees because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Moreover, the Exchange believes that assessing all other market participants a higher transaction fee than Priority Customers for PRIME Order transactions is reasonable, equitable, and not unfairly discriminatory because these types of market participants are more sophisticated and have higher levels of order flow activity and system usage. This level of trading activity draws on a greater amount of system resources than that of Priority Customers, and thus, generates greater ongoing operational costs. Further, the Exchange believes that charging all market participants that are not Priority Customers the same fee for all PRIME transactions is not unfairly discriminatory as the fees will apply to all these market participants equally.

The Exchange believes that it is reasonable for PRIME Orders to be assessed lower fees than those providing responses. Contra-side Orders guarantee the PRIME Agency Order, and are subject to market risk during the time period that the PRIME Agency Order is exposed to other market participants. The Exchange believes that the Contra-side Order acts as a critical role in the PRIME as their willingness to guarantee the PRIME Agency Order is the keystone to the PRIME Agency Order gaining the opportunity for price improvement.

The Exchange believes that it is equitable and not unfairly discriminatory to assess fees to responders to the PRIME and credit another participant to provide incentive for participants to submit order flow to PRIME. The Exchange believes that it is appropriate to provide incentives to market participants to direct orders to participate in PRIME. Further, the Exchange believes that the transaction fees for responding to the auction will not deter market participants from providing price improvement.

The Exchange believes that it is reasonable to assess lower transaction and credit rates to penny option classes than non-penny option classes. The Exchange believes that options which trade at these wider spreads merit offering greater inducement for market participants. In particular, within the PRIME, option classes that typically trade in minimum increments of \$.05 or \$.10 provide greater opportunity for market participants to offer price improvement. As such, the Exchange believes that the opportunity for additional price improvement provided by these wider spreads again merits offering greater incentive for market participants to increase the potential price improvement for customer orders in these transactions.

The Exchange believes that the proposed Priority Customer Rebate Program rebates for Priority Customer orders submitted into PRIME are fair, equitable and not unreasonably discriminatory. The rebate program is reasonably designed because it will incent providers of Priority Customer order flow to send that Priority Customer order flow to the Exchange in order to receive a credit in a manner that enables the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants. The proposed rebate program is fair, equitable, and not unreasonably discriminatory because it will apply equally to all Priority Customer orders submitted as a PRIME Agency Order. All similarly situated Priority Customer orders are subject to the same rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory. In addition, the Program is equitable and not unfairly

discriminatory because, while only Priority Customer order flow qualifies for the rebate program, an increase in Priority Customer order flow will bring greater volume and liquidity, which benefit all market participants by providing more trading opportunities and tighter spreads. Market participants want to trade with Priority Customer order flow. To the extent Priority Customer order flow is increased by the proposal, market participants will increasingly compete for the opportunity to trade on the Exchange including sending more orders and providing narrower and larger sized quotations in the effort to trade with such Priority Customer order flow. The resulting increased volume and liquidity will benefit those Members who receive the lower tier levels, or do not qualify for the Program at all, by providing more trading opportunities and tighter spreads.

The Exchange believes excluding Priority Customer-to-Priority Customer Orders, Priority Customer responses, contra-side orders, and Priority Customer-to-Priority Customer PRIME transactions from the number of options contracts executed on the Exchange by any Member for purposes of the volume thresholds and the rebate program is reasonable, equitable, and not unfairly discriminatory because participating Members could otherwise game the rebate program and volume thresholds by executing excess volumes in these types of transactions in which no transaction fees are charged on the Exchange. Further, the Exchange believes that excluding these PRIME transactions from the volume thresholds is reasonable, equitable, and not unfairly discriminatory because the volume thresholds and rebate program was established prior to the introduction of the PRIME Auction based on non-auction transaction fee and volume calculations. In contrast, the Exchange proposes to target new volume to the Exchange to compete with electronic price improvement mechanisms on other exchanges. The Exchange believes that the new rebate for Priority Customer agency orders in the PRIME Auction is reasonably designed to incentivize additional retail customer order flow to the PRIME Auction.



The Exchange further believes that subjecting Priority Customer-to-Priority Customer Orders to the same treatment as Priority Customer-to-Priority Customer PRIME transactions is reasonable and not unfairly discriminatory because these transactions are substantially similar; as such, they should be subject to similar fees. Participating Members could otherwise game the rebate program and volume thresholds by executing excess volumes in these types of transactions in which no transaction fees are charged on the Exchange.

The Exchange believes that specifying that transaction fees for responses and the break-up credit will not count towards the Monthly Firm Fee Cap is reasonable and not unfairly discriminatory because the fee cap was established prior to the introduction of the PRIME Auction based on non-auction transaction fee and volume calculations. With the PRIME Auction, the Exchange proposes to target new volume to the Exchange to compete with electronic price improvement mechanisms available on other exchanges. Any transaction fees and volume that would be executed as part of the PRIME Auction was not factored into the creation of the Exchange's previous Monthly Firm Fee Cap. As such, the Exchange believes that it is reasonable to exclude responses and the break-up credit that will result from the PRIME Auction from this cap, because market participants would not be using the new PRIME Auction in order to meet the Monthly Firm Fee Cap.

The Exchange believes that specifying that PRIME Order executions are not subject to marketing fees is reasonable, equitable and not unfairly discriminatory. The Exchange is seeking to encourage all participants, including Market Makers, to send PRIME Orders and to respond to PRIME Auction RFR messages; the Exchange believes that collecting marketing fees from Market Makers may discourage such participation. By encouraging as many participants as possible to respond, the Exchange believes that it will lead to greater opportunities for price improvement for all PRIME Orders, not just those entered on behalf of customers. For these

reasons, the Exchange believes that excluding PRIME Orders and responses from the marketing fees is reasonable, equitable and not unfairly discriminatory. The Exchange believes that it is equitable and not unfairly discriminatory to continue to charge a marketing fee if an unrelated order executes in the PRIME, because that unrelated order is not subject to the specialized fee structure for PRIME that is designed to incentivize participation. The market participant receives the benefit of a PRIME execution and would already expect to be charged a marketing fee that is no different than the fee the market participant was expecting to pay trading against unrelated orders outside the auction.

**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 Exchange believes that the proposed change will enhance the competitiveness of the Exchange relative to other exchanges that offer their own electronic crossing mechanism. The Exchange believes that the proposed fees and rebates for participation in the PRIME Auction are not going to have an impact on intra-market competition based on the total cost for participants to transact as respondents to the Auction as compared to the cost for participants to engage in non-Auction electronic transactions on the Exchange. As noted above, the Exchange believes that the proposed pricing for the PRIME Auction is comparable to that of other exchanges offering similar electronic price improvement mechanisms, and the Exchange believes that, based on experience with electronic price improvement crossing mechanisms on other markets, market participants understand that the price-improving benefits offered by the Auction justify and offset the transaction costs associated with Auction. To the extent that there is a difference between non-Auction transactions and Auction transactions, the Exchange does not believe this difference will cause participants to refrain from responding to Auctions. In addition, the

Exchange does not believe that the proposed transaction fees and credits burden competition by creating a disparity of transaction fees between the PRIME Order and the transaction fees a responder pays would result in certain participants being unable to compete with the Contra-side Order. The Exchange expects to see robust competition within the PRIME Auction, despite the apparent differences in non-Auction versus Auction responses. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposed rule change reflects this competitive environment because it establishes a fee structure in a manner that encourages market participants to direct their order flow, to provide liquidity, and to attract additional transaction volume to the Exchange.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>12</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

#### 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-2014-45 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-2014-45. 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-2014-45 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.<sup>13</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

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# MIAX Options Fee Schedule

## 1) Transaction Fees

### a) Exchange Fees

i) No Change.

### ii) Other Market Participant Transaction Fees

Types of Other Market Participants	Standard Options Transaction Fee (per executed contract)	Mini Options Transaction Fee (per executed contract)	These fees will apply to all option classes traded on MIAX
<i>Priority Customer<sup>2</sup></i>	<b>\$ 0.00</b>	<b>\$ 0.000</b>	There is no fee assessed to an Electronic Exchange Member (an "EEM," as defined in MIAX Rule 100) that enters an order that is executed for the account of a Priority Customer.
<i>Public Customer that is Not a Priority Customer</i>	<b>\$ 0.25</b>	<b>\$ 0.025</b>	This fee is assessed to an EEM that enters an order that is executed for the account of a Public Customer <sup>3</sup> that does not meet the criteria for designation as a Priority Customer. This fee will also be charged to an EEM that enters an order for the account of a Public Customer that has elected to be treated as a Voluntary Professional. <sup>4</sup>
<i>Non-MIAX Market</i>	<b>\$ 0.45</b>	<b>\$ 0.045</b>	This fee is assessed to an EEM that enters an order that is executed for the account of a non-MIAX market

<sup>2</sup> The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Exchange Rule 100.

<sup>3</sup> The term "Public Customer" means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>4</sup> The term "Voluntary Professional" means any Public Customer that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Rule 514, as well as the Exchange's schedule of fees. See Exchange Rule 100.

<i>Maker</i>			maker. A non-MIAX market maker is a market maker registered as such on another options exchange.
<i>Non-Member Broker-Dealer</i>	<b>\$ 0.45</b>	<b>\$ 0.045</b>	This fee is assessed to an EEM that enters an order that (i) is executed for the account of a non-Member Broker-Dealer, and (ii) is identified by the EEM for clearing in the Options Clearing Corporation ("OCC") "customer" range. A non-Member Broker-Dealer is a broker-dealer that is not a member of the OCC, and that is not registered as a Member at MIAX or another options exchange.
<i>Firm</i>	<b>\$ 0.25</b>	<b>\$ 0.025</b>	This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range.

Firms are subject to a maximum fee of \$60,000 ("Monthly Firm Fee Cap"). Transaction fees resulting from participation in a PRIME Auction as a PRIME AOC Response, or rebates from the PRIME Break-up credit, will not count towards the Monthly Firm Fee Cap. Firm transaction fees for one billing month will not exceed the Monthly Firm Fee Cap per member organization when such Members are trading in their own proprietary account. Members must notify the Exchange in writing of all accounts in which the Member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap. The Exchange will aggregate the trading activity of separate Members or its affiliates for purposes of the Monthly Firm Fee Cap if there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. Members must notify the Exchange in writing of the account(s) designated for purposes of trading in their proprietary account. The Exchange requires Members to segregate unaffiliated firm orders from that of its affiliates in order for the qualifying affiliated firm orders to be eligible for the Monthly Firm Fee Cap. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap. Mini-option contracts are not eligible for inclusion in the Monthly Firm Fee Cap. Firm Transactions trades in mini-options, however, will continue to be executed at the rate indicated above.

## iii) Priority Customer Rebate Program

Origin	Tier	Percentage Thresholds of National Customer Volume in Multiply-Listed Options Classes Listed on MIAX (Monthly)	Per Contract Credit	Per Contract Credit in MIAX Select Symbols <sup>5</sup>	Per Contract Credit for PRIME Agency Order
Priority Customer	1	0.00% - 0.35%	\$0.00	\$0.00	<u>\$0.10</u>
	2	Above 0.35% - 0.45%	\$0.10	\$0.10	<u>\$0.10</u>
	3	Above 0.45% - 1.25%	\$0.15	\$0.20	<u>\$0.10</u>
	4	Above 1.25% - 2.00%	\$0.17	\$0.20	<u>\$0.10</u>
	5	Above 2.00%	\$0.18	\$0.20	<u>\$0.10</u>

MIAX shall credit each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding mini-options, Priority Customer-to-Priority Customer Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain percentage thresholds in a month as described in the Priority Customer Rebate Program table. For each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in MIAX Select Symbols, MIAX shall credit each member at the separate per contract rate for MIAX Select Symbols. For each Priority Customer order submitted into the PRIME Auction as a PRIME Agency Order, MIAX shall credit each member at the separate per contract rate for PRIME Agency Orders; however, no rebates will be paid if the PRIME Agency Order executes against a Contra-side Order which is also a Priority Customer. This payment will be calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month. The percentage thresholds are calculated based on the percentage of national customer volume in multiply-listed options classes listed on MIAX entered and executed over the course of the month (excluding Priority Customer-to-Priority Customer Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers). Volume will be recorded for and credits will be delivered to the Member Firm that submits the order to MIAX. MIAX will aggregate the contracts resulting from Priority Customer orders transmitted and executed electronically on MIAX from affiliated Members for purposes of the thresholds described in the

<sup>5</sup> The term "MIAX Select Symbols" means options overlying AA, AAL, AAPL, AIG, AMZN, AZN, BP, C, CBS, CLF, CMCSA, EBAY, EEM, EFA, EWJ, FB, FCX, FXI, GE, GILD, GLD, GM, GOOG, GOOGL, HTZ, INTC, IWM, IYR, JCP, JPM, KO, MO, MRK, NFLX, NOK, NQ, PBR, PCLN, PFE, PG, QCOM, QQQ, S, SIRI, SPY, SUNE, T, TSLA, USO, VALE, WAG, WFC, WMB, WY, XHB, XLE, XLF, XLP, XLU and XOM.



Priority Customer Rebate Program table, provided there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. In the event of a MIAX System outage or other interruption of electronic trading on MIAX, the Exchange will adjust the national customer volume in multiply-listed options for the duration of the outage. A Member may request to receive its credit under the Priority Customer Rebate Program as a separate direct payment.

**iv) MIAX Price Improvement Mechanism ("PRIME") Fees**

<b><u>Types of Market Participants</u></b>	<b><u>PRIME Order</u></b>		<b><u>Responder to PRIME Auction</u></b>		<b><u>PRIME Break-up</u></b>	
	<b><u>Per Contract Fee for Agency Order</u></b>	<b><u>Per Contract Fee for Contra-side Order</u></b>	<b><u>Per Contract Fee for Penny Classes</u></b>	<b><u>Per Contract Fee for Non-Penny Classes</u></b>	<b><u>Per Contract Credit for Penny Classes</u></b>	<b><u>Per Contract Credit for Non-Penny Classes</u></b>
<b><u>Priority Customer</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>
<b><u>Public Customer that is Not a Priority Customer</u></b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.05</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>
<b><u>MIAX Market Maker</u></b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.05</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>
<b><u>Non-MIAX Market Maker</u></b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.05</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>
<b><u>Non-Member Broker-Dealer</u></b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.05</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>
<b><u>Firm</u></b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.05</u></b>	<b><u>\$ 0.45</u></b>	<b><u>\$ 0.90</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.60</u></b>

**MIAX will apply the PRIME Break-up credit to the EEM that submitted the PRIME Order for contracts that are submitted to the PRIME Auction that trade with a PRIME AOC Response. The applicable fee for PRIME Orders will be applied to any contracts for which a credit is provided. Transaction fees in mini-options will be 1/10<sup>th</sup> of the standard per contract fee or rebate described in the table above for the PRIME Auction. MIAX will assess the standard transaction fees to a PRIME AOC Response if they execute against unrelated orders.**

## b) Marketing Fee

MIAX will assess a Marketing Fee to all Market Makers for contracts, including mini options, they execute in their assigned classes when the contra-party to the execution is a Priority Customer. MIAX will not assess a Marketing Fee to Market Makers for contracts executed as a PRIME Agency Order, Contra-side Order, or a PRIME AOC Response in the PRIME Auction; unless, it executes against an unrelated order.

Members that are assigned as PLMMs and LMMs will have a Marketing Fee “pool” into which the Exchange will deposit the applicable per-contract Marketing Fee. For orders directed to PLMMs and certain qualifying LMMs, applicable Marketing Fees are allocated to the PLMM’s or LMM’s Marketing Fee “pool.” To qualify for a Marketing Fee allocation for an applicable month, an LMM must either: (i) have an appointment in the relevant option class at the time of being directed the order; or (ii) for the month preceding the applicable month (the “qualifying month”) have an appointment as an LMM for at least ten (10) trading days in a minimum of fifty percent (50%) of the option classes listed on the Exchange for the entire qualifying month. For non-directed orders and orders directed to non-qualifying LMMs, applicable Marketing Fees are allocated to the PLMM’s Marketing Fee “pool.” All Market Makers that participated in such transactions will pay the applicable Marketing Fee to the Exchange, which will allocate such funds to the Member that controls the distribution of the Marketing Fee “pool.” Each month the Member will submit written instructions to MIAX describing how MIAX is to distribute the Marketing Fees in the “pool” to Electronic Exchange Members identified by the Member.

Undispersed Marketing Fees will be reimbursed to Market Makers that contributed to the “pool” based upon their pro-rata portion of the entire amount of Marketing Fees collected on a three month rolling schedule.

Amount of Marketing Fee Assessed	Option Classes
<b>\$0.70</b> (per contract)	Transactions in Standard Option Classes that are not in the Penny Pilot Program
<b>\$0.25</b> (per contract)	Transactions in Standard Option Classes that are in the Penny Pilot Program (a List of those Standard Option Classes in the Penny Pilot Program is available on the MIAX Website)
<b>\$0.070</b> (per contract)	Transactions in Mini Options where the corresponding Standard Option is not in the Penny Pilot Program
<b>\$0.025</b> (per contract)	Transactions in Mini Options where the corresponding Standard Option is in the Penny Pilot Program (a List of those Standard Option Classes in the Penny Pilot Program is available on the MIAX Website)

## c) No Change

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