

OMB APPROVAL

OMB Number: 3235-0045
 Estimated average burden
 hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 38

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

File No.* SR - 2014 - * 51

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 09/29/2014 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 EFFS website.

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend 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, 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 reduce several testing and certification fees and System connectivity fees for non-Members. Specifically, the Exchange proposes to: (i) eliminate the Member and non-Member API testing and certification fee for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

AIS³; (ii) eliminate the non-Member networking connectivity fee for AIS; (iii) eliminate the AIS Port fees; (iv) add a monthly fee for Internal Distributors and External Distributors of AIS; and (v) clarify that non-Member fees that apply to Third Party Vendors and Service Bureaus also apply to other non-Members.

API Testing and Certification

The Exchange assesses a one-time Application Programming Interface (“API”) testing and certification fee on Members and non-Members for AIS. Specifically, the Exchange assesses a one-time API Testing and Certification fee of \$1,000.00 Members and \$1,000.00 on third party vendors⁴ and Service Bureaus⁵ whose software interfaces with MIAX software in order to receive the AIS market data feed. The API makes it possible for third party vendors’ and Service Bureaus’ software to communicate with MIAX software applications, and is subject to testing with, and certification by, the Exchange. The Exchange plans on migrating the AIS data feed to a multicast data format and thus will no longer need to assess API Testing and Certification fees to market participants that receive AIS. Therefore, the Exchange proposes to

³ AIS market data feed includes: opening imbalance condition information; opening routing information; Expanded Quote Range information, as provided in MIAX Rule 503(f)(5); Post-Halt Notification, as provided in MIAX Rule 504(d); and Liquidity Refresh condition information, as provided in MIAX Rule 515(c)(2). This additional information (the “administrative information”) is included in the ToM feed and is not top of market information. The administrative information is also currently available to MIAX Market Makers via connectivity with the MIAX Express Interface (“MEI”), for which they are assessed connectivity fees.

⁴ Third party vendors are subscribers of MIAX’s market and other data feeds, which they in turn use for redistribution purposes. Third party vendors do not provide connectivity and therefore are not subject to Network testing and certification.

⁵ A Service Bureau is a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system. The technology and technology services supplied by Service Bureaus includes both software applications and connectivity, thus Service Bureaus are subject to both API testing and certification and Network testing and certification.

eliminate the API testing and certification fee for both Members and non-Members because the Exchange will no longer offer the AIS data feed in a format that necessitates API testing and certification.

AIS Port Fees

The Exchange assesses monthly AIS Port fees for the use of AIS Ports, which provide the connectivity necessary to receive the AIS from the MIAX System. The Exchange assesses monthly AIS Port fees based on the number of Exchange matching engines to which a subscriber connects. Specifically, the Exchange assesses a monthly AIS Port fee of \$1,000.00 for the first matching engine on which an AIS has two ports, \$250.00 each for the second through fifth matching engines on which an AIS has two ports, and \$125.00 each for the sixth matching engine and any additional engines on which the AIS has the two ports. As mentioned above, the Exchange plans on migrating the AIS data feed to a multicast data format and thus will no longer need to assess API Port fees to market participants that receive AIS. Therefore, the Exchange proposes to eliminate the AIS Port fees because the Exchange will no longer offer the AIS data feed in a format that necessitates the use of AIS Ports.

Internal Distributors and External Distributors

The Exchange proposes to charge monthly fees to Distributors of the AIS market data product that receive a feed of AIS data either directly from MIAX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). The monthly Distributor Fee charged depends on whether the Distributor is an "Internal Distributor"⁶ or an "External Distributor"⁷. The Exchange will assess Internal Distributor's a

⁶ An Internal Distributor is an organization that subscribes to the Exchange for the use of ToM, and is permitted by agreement with the Exchange to provide ToM data to internal users (i.e., users within their own organization).

monthly fee of \$1,000.00 and External Distributor's a monthly fee of \$1,500.00 for the AIS market data product. The Exchange notes that all Distributors are required to execute a MIAX Distributor Agreement. The fees for AIS will be reduced for new Distributors for the first month during which they subscribe to AIS, based on the number of trading days that have been held during the month prior to the date on which they subscribe. Such new Distributors will be assessed a pro-rata percentage of the fees described above, which is the percentage of the number of trading days remaining in the affected calendar month as of the date on which they begin to receive the AIS feed, divided by the total number of trading days in the affected calendar month. The monthly fee for Internal Distributors and External Distributors of AIS will be waived if they also subscribe to the ToM market data product. The Exchange believes that waiving the fees for Internal Distributors and External Distributors of AIS will encourage additional market participants that currently subscribe to ToM to use the service to receive administrative information.⁸

Finally, the Exchange proposes to amend the Fee Schedule in several places to clarify that non-Member fees that apply to Third Party Vendors and Service Bureaus also apply to other non-Members. The Exchange believes that this change may reduce the potential for confusion by market participants as to which type of non-Members the non-Member fees apply to. The

⁷ An External Distributor is an organization that subscribes to the Exchange for the use of ToM, and is permitted by agreement with the Exchange to provide ToM data to both internal users and to external users (i.e., users outside of their own organization).

⁸ The Exchange notes that in a companion filing that the Exchange proposes to eventually to remove messages related to administrative information and Liquidity Seeking Events ("LSE") from ToM and MEI and add them to the AIS data feed to the extent that they are not already included in AIS. See SR-MIAX-2014-XX. Thus, waiving the fees for Internal Distributors and External Distributors of AIS will allow market participants that subscribe to ToM to continue to receive administrative information and LSE related messages at no additional cost than what is currently being assessed today.

Exchange also believes that clarification may encourage more non-Members, other than Third Party Vendors and Service Bureaus, to use the Exchange's market data products.

b. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes the proposed changes to eliminate several fees are reasonable in that they are designed to correspond with the migration of the data feed to a new format that no longer necessitates the fees being assessed. The Exchange anticipates the changes will result in a reasonable allocation of its costs and expenses among its Members and other persons using its facilities because the proposed fees would enable the Exchange to recover the costs associated with providing such infrastructure, and with offering access through the network connections and access and services, responding to customer requests, configuring MIAX systems, and administering the various services connectivity services. The Exchange believes the proposed fees are equitable and not unfairly discriminatory because the new fee levels result in a more reasonable and equitable allocation of fees amongst non-Members and Members for similar services. Access to the Exchange is provided on fair and non-discriminatory terms. Moreover, the decision as to whether or not to subscribe to AIS is entirely optional to all parties. Potential subscribers are not required to purchase the AIS market data feed. Subscribers can discontinue their use at any time and for any reason, including due to their assessment of the reasonableness of fees charged. The allocation of fees among subscribers is fair and reasonable because, if the

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of this data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data:

“[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.”¹¹

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. If the free market should determine whether proprietary data is sold to broker-dealers at all, it follows that the price at which such data is sold should be set by the market as well.

In July, 2010, Congress adopted H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), which amended Section 19 of the Act. Among other things, Section 916 of the Dodd-Frank Act amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase “on any person, whether or not the person is a member of the self-regulatory organization” after “due, fee or other charge imposed by the self-regulatory organization.” As a result, all SRO rule proposals establishing or changing dues, fees or other charges are immediately effective upon filing regardless of whether such dues, fees or

¹¹ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

other charges are imposed on members of the SRO, non-members, or both. Section 916 further amended paragraph (C) of Section 19(b)(3) of the Act to read, in pertinent part, “At any time within the 60-day period beginning on the date of filing of such a proposed rule change in accordance with the provisions of paragraph (1) [of Section 19(b)], the Commission summarily may temporarily suspend the change in the rules of the self-regulatory organization made thereby, 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 this title. If the Commission takes such action, the Commission shall institute proceedings under paragraph (2)(B) [of Section 19(b)] to determine whether the proposed rule should be approved or disapproved.”

The Exchange believes that these amendments to Section 19 of the Act reflect Congress’s intent to allow the Commission to rely upon the forces of competition to ensure that fees for market data are reasonable and equitably allocated. Although Section 19(b) had formerly authorized immediate effectiveness for a “due, fee or other charge imposed by the self-regulatory organization,” the Commission adopted a policy and subsequently a rule stating that fees for data and other products available to persons that are not members of the self-regulatory organization must be approved by the Commission after first being published for comment. At the time, the Commission supported the adoption of the policy and the rule by pointing out that unlike members, whose representation in self-regulatory organization governance was mandated by the Act, non-members should be given the opportunity to comment on fees before being required to pay them, and that the Commission should specifically approve all such fees. The Exchange believes that the amendment to Section 19 reflects Congress’s conclusion that the evolution of self-regulatory organization governance and competitive market structure have rendered the

Commission's prior policy on non-member fees obsolete. Specifically, many exchanges have evolved from member-owned, not-for-profit corporations into for-profit, investor-owned corporations (or subsidiaries of investor-owned corporations). Accordingly, exchanges no longer have narrow incentives to manage their affairs for the exclusive benefit of their members, but rather have incentives to maximize the appeal of their products to all customers, whether members or non-members, so as to broaden distribution and grow revenues. Moreover, the Exchange believes that the change also reflects an endorsement of the Commission's determinations that reliance on competitive markets is an appropriate means to ensure equitable and reasonable prices. Simply put, the change reflects a presumption that all fee changes should be permitted to take effect immediately, since the level of all fees are constrained by competitive forces. The Exchange therefore believes that the fees for AIS are properly assessed on non-member Distributors.

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoaliton v. SEC, No. 09-1042 (D.C. Cir. 2010), although reviewing a Commission decision made prior to the effective date of the Dodd-Frank Act, upheld the Commission's reliance upon competitive markets to set reasonable and equitably allocated fees for market data:

“In fact, the legislative history indicates that the Congress intended that the market system ‘evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed’ and that the SEC wield its regulatory power ‘in those situations where competition may not be sufficient,’ such as in the creation of a ‘consolidated transactional reporting system.’ ”¹²

The court's conclusions about Congressional intent are therefore reinforced by the Dodd-Frank Act amendments, which create a presumption that exchange fees, including market data fees, may take effect immediately, without prior Commission approval, and that the Commission

¹² NetCoalition, at 15 (quoting H.R. Rep. No. 94-229, at 92 (1975), as reprinted in 1975 U.S.C.C.A.N. 321, 323).

should take action to suspend a fee change and institute a proceeding to determine whether the fee change should be approved or disapproved only where the Commission has concerns that the change may not be consistent with the Act.

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

Notwithstanding its determination that the Commission may rely upon competition to establish fair and equitably allocated fees for market data, the NetCoalition Court found that the Commission had not, in that case, compiled a record that adequately supported its conclusion that the market for the data at issue in the case was competitive. The Exchange believes that a record may readily be established to demonstrate the competitive nature of the market in question.

There is intense competition between trading platforms that provide transaction execution and routing services and proprietary data products. Transaction execution and proprietary data products are complementary in that market data is both an input and a byproduct of the execution service. In fact, market data and trade execution are a representative example of joint products with joint costs. The decision whether and on which platform to post an order will depend on the attributes of the platform where the order can be posted, including the execution fees, data quality and price and distribution of its data products. Without the prospect of a taking order seeing and reacting to a posted order on a particular platform, the posting of the order would accomplish little.

Without trade executions, exchange data products cannot exist. Data products are valuable to many end subscribers only insofar as they provide information that end subscribers expect will assist them or their customers in making trading decisions. The costs of producing market data include not only the costs of the data distribution infrastructure, but also the costs of

designing, maintaining, and operating the exchange's transaction execution platform and the cost of regulating the exchange to ensure its fair operation and maintain investor confidence. The total return that a trading platform earns reflects the revenues it receives from both products and the joint costs it incurs. Moreover, an exchange's customers view the costs of transaction executions and of data as a unified cost of doing business with the exchange. A broker-dealer will direct orders to a particular exchange only if the expected revenues from executing trades on the exchange exceed net transaction execution costs and the cost of data that the broker-dealer chooses to buy to support its trading decisions (or those of its customers). The choice of data products is, in turn, a product of the value of the products in making profitable trading decisions. If the cost of the product exceeds its expected value, the broker-dealer will choose not to buy it.

Moreover, as a broker-dealer chooses to direct fewer orders to a particular exchange, the value of the product to the broker-dealer decreases, for two reasons. First, the product will contain less information, because executions of the broker-dealer's orders will not be reflected in it. Second, and perhaps more important, the product will be less valuable to that broker-dealer because it does not provide information about the venue to which it is directing its orders. Data from the competing venue to which the broker-dealer is directing orders will become correspondingly more valuable.

Thus, a super-competitive increase in the fees charged for either transactions or data has the potential to impair revenues from both products. "No one disputes that competition for order flow is 'fierce'." However, the existence of fierce competition for order flow implies a high degree of price sensitivity on the part of broker-dealers with order flow, since they may readily reduce costs by directing orders toward the lowest-cost trading venues. A broker-dealer that shifted its order flow from one platform to another in response to order execution price

differentials would both reduce the value of that platform's market data and reduce its own need to consume data from the disfavored platform. Similarly, if a platform increases its market data fees, the change will affect the overall cost of doing business with the platform, and affected broker-dealers will assess whether they can lower their trading costs by directing orders elsewhere and thereby lessening the need for the more expensive data.

Analyzing the cost of market data distribution in isolation from the cost of all of the inputs supporting the creation of market data will inevitably underestimate the cost of the data. Thus, because it is impossible to create data without a fast, technologically robust, and well-regulated execution system, system costs and regulatory costs affect the price of market data. It would be equally misleading, however, to attribute all of the exchange's costs to the market data portion of an exchange's joint product. Rather, all of the exchange's costs are incurred for the unified purposes of attracting order flow, executing and/or routing orders, and generating and selling data about market activity. The total return that an exchange earns reflects the revenues it receives from the joint products and the total costs of the joint products.

Competition among trading platforms can be expected to constrain the aggregate return each platform earns from the sale of its joint products, but different platforms may choose from a range of possible, and equally reasonable, pricing strategies as the means of recovering total costs. For example, some platforms may choose to pay rebates to attract orders, charge relatively low prices for market information (or provide information free of charge) and charge relatively high prices for accessing posted liquidity. Other platforms may choose a strategy of paying lower rebates (or no rebates) to attract orders, setting relatively high prices for market information, and setting relatively low prices for accessing posted liquidity. In this environment, there is no economic basis for regulating maximum prices for one of the joint products in an

industry in which suppliers face competitive constraints with regard to the joint offering. This would be akin to strictly regulating the price that an automobile manufacturer can charge for car sound systems despite the existence of a highly competitive market for cars and the availability of aftermarket alternatives to the manufacturer-supplied system.

The market for market data products is competitive and inherently contestable because there is fierce competition for the inputs necessary to the creation of proprietary data and strict pricing discipline for the proprietary products themselves. Numerous exchanges compete with each other for listings, trades, and market data itself, providing virtually limitless opportunities for entrepreneurs who wish to produce and distribute their own market data. This proprietary data is produced by each individual exchange, as well as other entities, in a vigorously competitive market.

Broker-dealers currently have numerous alternative venues for their order flow, including eleven existing options markets. Each SRO market competes to produce transaction reports via trade executions. Competitive markets for order flow, executions, and transaction reports provide pricing discipline for the inputs of proprietary data products. The large number of SROs that currently produce proprietary data or are currently capable of producing it provides further pricing discipline for proprietary data products. Each SRO is currently permitted to produce proprietary data products, and many in addition to MIAX currently do, including NASDAQ, CBOE, ISE, NYSE Amex, and NYSEArca. Additionally, order routers and market data vendors can facilitate single or multiple broker-dealers' production of proprietary data products. The potential sources of proprietary products are virtually limitless.

Market data vendors provide another form of price discipline for proprietary data products because they control the primary means of access to end subscribers. Vendors impose

price restraints based upon their business models. For example, vendors such as Bloomberg and Thomson Reuters that assess a surcharge on data they sell may refuse to offer proprietary products that end subscribers will not purchase in sufficient numbers. Internet portals, such as Google, impose a discipline by providing only data that will enable them to attract “eyeballs” that contribute to their advertising revenue. Retail broker-dealers, such as Schwab and Fidelity, offer their customers proprietary data only if it promotes trading and generates sufficient commission revenue. Although the business models may differ, these vendors’ pricing discipline is the same: they can simply refuse to purchase any proprietary data product that fails to provide sufficient value. The Exchange and other producers of proprietary data products must understand and respond to these varying business models and pricing disciplines in order to market proprietary data products successfully.

In addition to the competition and price discipline described above, the market for proprietary data products is also highly contestable because market entry is rapid, inexpensive, and profitable. The history of electronic trading is replete with examples of entrants that swiftly grew into some of the largest electronic trading platforms and proprietary data producers: Archipelago, BATS Trading and Direct Edge. Regulation NMS, by deregulating the market for proprietary data, has increased the contestability of that market. While broker-dealers have previously published their proprietary data individually, Regulation NMS encourages market data vendors and broker-dealers to produce proprietary products cooperatively in a manner never before possible. Multiple market data vendors already have the capability to aggregate data and disseminate it on a profitable scale, including Bloomberg, and Thomson Reuters.

The Court in NetCoalition concluded that the Commission had failed to demonstrate that the market for market data was competitive based on the reasoning of the Commission’s

NetCoalition order because, in the Court's view, the Commission had not adequately demonstrated that the proprietary data at issue in the case is used to attract order flow. The Exchange believes, however, that evidence not then before the court clearly demonstrates that availability of data attracts order flow. Due to competition among platforms, the Exchange intends to improve its platform data offerings on a continuing basis, and to respond promptly to customers' data needs.

The intensity of competition for proprietary information is significant and the Exchange believes that this proposal itself clearly evidences such competition. The Exchange is offering AIS in order to keep pace with changes in the industry and evolving customer needs. It is entirely optional and is geared towards attracting new Member Applicants and customers. MIAX competitors continue to create new market data products and innovative pricing in this space. The Exchange expects to see firms challenge its pricing on the basis of the Exchange's explicit fees being higher than the zero-priced fees from other competitors such as BATS. In all cases, the Exchange expects firms to make decisions on how much and what types of data to consume on the basis of the total cost of interacting with MIAX or other exchanges. Of course, the explicit data fees are only one factor in a total platform analysis. Some competitors have lower transactions fees and higher data fees, and others are vice versa. The market for this proprietary information is highly competitive and continually evolves as products develop and change.

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,¹³ and Rule 19b-4(f)(2) thereunder¹⁴ 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.

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

The proposed rule change is not based on 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.

5. Applicable Section of the MIAX Options Fee Schedule.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2014-51)

September __, 2014

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

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 September 29, 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, at MIAX’s principal office, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the Fee Schedule to reduce several testing and certification fees and System connectivity fees for non-Members. Specifically, the Exchange proposes to: (i) eliminate the Member and non-Member API testing and certification fee for AIS³; (ii) eliminate the non-Member networking connectivity fee for AIS; (iii) eliminate the AIS Port fees; (iv) add a monthly fee for Internal Distributors and External Distributors of AIS; and (v) clarify that non-Member fees that apply to Third Party Vendors and Service Bureaus also apply to other non-Members.

API Testing and Certification

The Exchange assesses a one-time Application Programming Interface (“API”) testing and certification fee on Members and non-Members for AIS. Specifically, the Exchange assesses a one-time API Testing and Certification fee of \$1,000.00 Members and \$1,000.00 on third party vendors⁴ and Service Bureaus⁵ whose software interfaces with MIAX software in

³ AIS market data feed includes: opening imbalance condition information; opening routing information; Expanded Quote Range information, as provided in MIAX Rule 503(f)(5); Post-Halt Notification, as provided in MIAX Rule 504(d); and Liquidity Refresh condition information, as provided in MIAX Rule 515(c)(2). This additional information (the “administrative information”) is included in the ToM feed and is not top of market information. The administrative information is also currently available to MIAX Market Makers via connectivity with the MIAX Express Interface (“MEI”), for which they are assessed connectivity fees.

⁴ Third party vendors are subscribers of MIAX’s market and other data feeds, which they in turn use for redistribution purposes. Third party vendors do not provide connectivity and therefore are not subject to Network testing and certification.

⁵ A Service Bureau is a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system. The

order to receive the AIS market data feed. The API makes it possible for third party vendors' and Service Bureaus' software to communicate with MIAX software applications, and is subject to testing with, and certification by, the Exchange. The Exchange plans on migrating the AIS data feed to a multicast data format and thus will no longer need to assess API Testing and Certification fees to market participants that receive AIS. Therefore, the Exchange proposes to eliminate the API testing and certification fee for both Members and non-Members because the Exchange will no longer offer the AIS data feed in a format that necessitates API testing and certification.

AIS Port Fees

The Exchange assesses monthly AIS Port fees for the use of AIS Ports, which provide the connectivity necessary to receive the AIS from the MIAX System. The Exchange assesses monthly AIS Port fees based on the number of Exchange matching engines to which a subscriber connects. Specifically, the Exchange assesses a monthly AIS Port fee of \$1,000.00 for the first matching engine on which an AIS has two ports, \$250.00 each for the second through fifth matching engines on which an AIS has two ports, and \$125.00 each for the sixth matching engine and any additional engines on which the AIS has the two ports. As mentioned above, the Exchange plans on migrating the AIS data feed to a multicast data format and thus will no longer need to assess API Port fees to market participants that receive AIS. Therefore, the Exchange proposes to eliminate the AIS Port fees because the Exchange will no longer offer the AIS data feed in a format that necessitates the use of AIS Ports.

technology and technology services supplied by Service Bureaus includes both software applications and connectivity, thus Service Bureaus are subject to both API testing and certification and Network testing and certification.

Internal Distributors and External Distributors

The Exchange proposes to charge monthly fees to Distributors of the AIS market data product that receive a feed of AIS data either directly from MIAX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). The monthly Distributor Fee charged depends on whether the Distributor is an “Internal Distributor”⁶ or an “External Distributor”⁷. The Exchange will assess Internal Distributor’s a monthly fee of \$1,000.00 and External Distributor’s a monthly fee of \$1,500.00 for the AIS market data product. The Exchange notes that all Distributors are required to execute a MIAX Distributor Agreement. The fees for AIS will be reduced for new Distributors for the first month during which they subscribe to AIS, based on the number of trading days that have been held during the month prior to the date on which they subscribe. Such new Distributors will be assessed a pro-rata percentage of the fees described above, which is the percentage of the number of trading days remaining in the affected calendar month as of the date on which they begin to receive the AIS feed, divided by the total number of trading days in the affected calendar month. The monthly fee for Internal Distributors and External Distributors of AIS will be waived if they also subscribe to the ToM market data product. The Exchange believes that waiving the fees for Internal Distributors and External Distributors of AIS will encourage additional market participants that currently subscribe to ToM to use the service to receive administrative information.⁸

⁶ An Internal Distributor is an organization that subscribes to the Exchange for the use of ToM, and is permitted by agreement with the Exchange to provide ToM data to internal users (i.e., users within their own organization).

⁷ An External Distributor is an organization that subscribes to the Exchange for the use of ToM, and is permitted by agreement with the Exchange to provide ToM data to both internal users and to external users (i.e., users outside of their own organization).

⁸ The Exchange notes that in a companion filing that the Exchange proposes to eventually to remove messages related to administrative information and Liquidity Seeking Events

Finally, the Exchange proposes to amend the Fee Schedule in several places to clarify that non-Member fees that apply to Third Party Vendors and Service Bureaus also apply to other non-Members. The Exchange believes that this change may reduce the potential for confusion by market participants as to which type of non-Members the non-Member fees apply to. The Exchange also believes that clarification may encourage more non-Members, other than Third Party Vendors and Service Bureaus, to use the Exchange's market data products.

2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes the proposed changes to eliminate several fees are reasonable in that they are designed to correspond with the migration of the data feed to a new format that no longer necessitates the fees being assessed. The Exchange anticipates the changes will result in a reasonable allocation of its costs and expenses among its Members and other persons using its facilities because the proposed fees would enable the Exchange to recover the costs associated with providing such infrastructure, and with offering access through the network connections and access and services, responding to customer requests, configuring MIAX systems, and administering the various services connectivity services. The Exchange believes the proposed

("LSE") from ToM and MEI and add them to the AIS data feed to the extent that they are not already included in AIS. See SR-MIAX-2014-XX. Thus, waiving the fees for Internal Distributors and External Distributors of AIS will allow market participants that subscribe to ToM to continue to receive administrative information and LSE related messages at no additional cost than what is currently being assessed today.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

fees are equitable and not unfairly discriminatory because the new fee levels result in a more reasonable and equitable allocation of fees amongst non-Members and Members for similar services. Access to the Exchange is provided on fair and non-discriminatory terms. Moreover, the decision as to whether or not to subscribe to AIS is entirely optional to all parties. Potential subscribers are not required to purchase the AIS market data feed. Subscribers can discontinue their use at any time and for any reason, including due to their assessment of the reasonableness of fees charged. The allocation of fees among subscribers is fair and reasonable because, if the market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of this data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data:

“[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.”¹¹

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. If the free market should determine whether proprietary data is sold to broker-dealers at all, it follows that the price at which such data is sold should be set by the market as well.

¹¹ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

In July, 2010, Congress adopted H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), which amended Section 19 of the Act. Among other things, Section 916 of the Dodd-Frank Act amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase “on any person, whether or not the person is a member of the self-regulatory organization” after “due, fee or other charge imposed by the self-regulatory organization.” As a result, all SRO rule proposals establishing or changing dues, fees or other charges are immediately effective upon filing regardless of whether such dues, fees or other charges are imposed on members of the SRO, non-members, or both. Section 916 further amended paragraph (C) of Section 19(b)(3) of the Act to read, in pertinent part, “At any time within the 60-day period beginning on the date of filing of such a proposed rule change in accordance with the provisions of paragraph (1) [of Section 19(b)], the Commission summarily may temporarily suspend the change in the rules of the self-regulatory organization made thereby, 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 this title. If the Commission takes such action, the Commission shall institute proceedings under paragraph (2)(B) [of Section 19(b)] to determine whether the proposed rule should be approved or disapproved.”

The Exchange believes that these amendments to Section 19 of the Act reflect Congress’s intent to allow the Commission to rely upon the forces of competition to ensure that fees for market data are reasonable and equitably allocated. Although Section 19(b) had formerly authorized immediate effectiveness for a “due, fee or other charge imposed by the self-regulatory organization,” the Commission adopted a policy and subsequently a rule stating that fees for data and other products available to persons that are not members of the self-regulatory organization must be approved by the Commission after first being published for comment. At the time, the

Commission supported the adoption of the policy and the rule by pointing out that unlike members, whose representation in self-regulatory organization governance was mandated by the Act, non-members should be given the opportunity to comment on fees before being required to pay them, and that the Commission should specifically approve all such fees. The Exchange believes that the amendment to Section 19 reflects Congress's conclusion that the evolution of self-regulatory organization governance and competitive market structure have rendered the Commission's prior policy on non-member fees obsolete. Specifically, many exchanges have evolved from member-owned, not-for-profit corporations into for-profit, investor-owned corporations (or subsidiaries of investor-owned corporations). Accordingly, exchanges no longer have narrow incentives to manage their affairs for the exclusive benefit of their members, but rather have incentives to maximize the appeal of their products to all customers, whether members or non-members, so as to broaden distribution and grow revenues. Moreover, the Exchange believes that the change also reflects an endorsement of the Commission's determinations that reliance on competitive markets is an appropriate means to ensure equitable and reasonable prices. Simply put, the change reflects a presumption that all fee changes should be permitted to take effect immediately, since the level of all fees are constrained by competitive forces. The Exchange therefore believes that the fees for AIS are properly assessed on non-member Distributors.

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoalition v. SEC, No. 09-1042 (D.C. Cir. 2010), although reviewing a Commission decision made prior to the effective date of the Dodd-Frank Act, upheld the Commission's reliance upon competitive markets to set reasonable and equitably allocated fees for market data:

"In fact, the legislative history indicates that the Congress intended that the market system 'evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed' and that the SEC wield its regulatory power

‘in those situations where competition may not be sufficient,’ such as in the creation of a ‘consolidated transactional reporting system.’¹²

The court’s conclusions about Congressional intent are therefore reinforced by the Dodd-Frank Act amendments, which create a presumption that exchange fees, including market data fees, may take effect immediately, without prior Commission approval, and that the Commission should take action to suspend a fee change and institute a proceeding to determine whether the fee change should be approved or disapproved only where the Commission has concerns that the change may not be consistent with the Act.

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

Notwithstanding its determination that the Commission may rely upon competition to establish fair and equitably allocated fees for market data, the NetCoalition Court found that the Commission had not, in that case, compiled a record that adequately supported its conclusion that the market for the data at issue in the case was competitive. The Exchange believes that a record may readily be established to demonstrate the competitive nature of the market in question.

There is intense competition between trading platforms that provide transaction execution and routing services and proprietary data products. Transaction execution and proprietary data products are complementary in that market data is both an input and a byproduct of the execution service. In fact, market data and trade execution are a representative example of joint products with joint costs. The decision whether and on which platform to post an order will depend on the attributes of the platform where the order can be posted, including the execution fees, data quality and price and distribution of its data products. Without the prospect of a taking order

¹² NetCoalition, at 15 (quoting H.R. Rep. No. 94–229, at 92 (1975), as reprinted in 1975 U.S.C.C.A.N. 321, 323).

seeing and reacting to a posted order on a particular platform, the posting of the order would accomplish little.

Without trade executions, exchange data products cannot exist. Data products are valuable to many end subscribers only insofar as they provide information that end subscribers expect will assist them or their customers in making trading decisions. The costs of producing market data include not only the costs of the data distribution infrastructure, but also the costs of designing, maintaining, and operating the exchange's transaction execution platform and the cost of regulating the exchange to ensure its fair operation and maintain investor confidence. The total return that a trading platform earns reflects the revenues it receives from both products and the joint costs it incurs. Moreover, an exchange's customers view the costs of transaction executions and of data as a unified cost of doing business with the exchange. A broker-dealer will direct orders to a particular exchange only if the expected revenues from executing trades on the exchange exceed net transaction execution costs and the cost of data that the broker-dealer chooses to buy to support its trading decisions (or those of its customers). The choice of data products is, in turn, a product of the value of the products in making profitable trading decisions. If the cost of the product exceeds its expected value, the broker-dealer will choose not to buy it.

Moreover, as a broker-dealer chooses to direct fewer orders to a particular exchange, the value of the product to the broker-dealer decreases, for two reasons. First, the product will contain less information, because executions of the broker-dealer's orders will not be reflected in it. Second, and perhaps more important, the product will be less valuable to that broker-dealer because it does not provide information about the venue to which it is directing its orders. Data from the competing venue to which the broker-dealer is directing orders will become correspondingly more valuable.

Thus, a super-competitive increase in the fees charged for either transactions or data has the potential to impair revenues from both products. “No one disputes that competition for order flow is ‘fierce’.” However, the existence of fierce competition for order flow implies a high degree of price sensitivity on the part of broker-dealers with order flow, since they may readily reduce costs by directing orders toward the lowest-cost trading venues. A broker-dealer that shifted its order flow from one platform to another in response to order execution price differentials would both reduce the value of that platform’s market data and reduce its own need to consume data from the disfavored platform. Similarly, if a platform increases its market data fees, the change will affect the overall cost of doing business with the platform, and affected broker-dealers will assess whether they can lower their trading costs by directing orders elsewhere and thereby lessening the need for the more expensive data.

Analyzing the cost of market data distribution in isolation from the cost of all of the inputs supporting the creation of market data will inevitably underestimate the cost of the data. Thus, because it is impossible to create data without a fast, technologically robust, and well-regulated execution system, system costs and regulatory costs affect the price of market data. It would be equally misleading, however, to attribute all of the exchange’s costs to the market data portion of an exchange’s joint product. Rather, all of the exchange’s costs are incurred for the unified purposes of attracting order flow, executing and/or routing orders, and generating and selling data about market activity. The total return that an exchange earns reflects the revenues it receives from the joint products and the total costs of the joint products.

Competition among trading platforms can be expected to constrain the aggregate return each platform earns from the sale of its joint products, but different platforms may choose from a range of possible, and equally reasonable, pricing strategies as the means of recovering total costs. For example, some platforms may choose to pay rebates to attract orders, charge relatively

low prices for market information (or provide information free of charge) and charge relatively high prices for accessing posted liquidity. Other platforms may choose a strategy of paying lower rebates (or no rebates) to attract orders, setting relatively high prices for market information, and setting relatively low prices for accessing posted liquidity. In this environment, there is no economic basis for regulating maximum prices for one of the joint products in an industry in which suppliers face competitive constraints with regard to the joint offering. This would be akin to strictly regulating the price that an automobile manufacturer can charge for car sound systems despite the existence of a highly competitive market for cars and the availability of aftermarket alternatives to the manufacturer-supplied system.

The market for market data products is competitive and inherently contestable because there is fierce competition for the inputs necessary to the creation of proprietary data and strict pricing discipline for the proprietary products themselves. Numerous exchanges compete with each other for listings, trades, and market data itself, providing virtually limitless opportunities for entrepreneurs who wish to produce and distribute their own market data. This proprietary data is produced by each individual exchange, as well as other entities, in a vigorously competitive market.

Broker-dealers currently have numerous alternative venues for their order flow, including eleven existing options markets. Each SRO market competes to produce transaction reports via trade executions. Competitive markets for order flow, executions, and transaction reports provide pricing discipline for the inputs of proprietary data products. The large number of SROs that currently produce proprietary data or are currently capable of producing it provides further pricing discipline for proprietary data products. Each SRO is currently permitted to produce proprietary data products, and many in addition to MIAX currently do, including NASDAQ, CBOE, ISE, NYSE Amex, and NYSEArca. Additionally, order routers and market data vendors

can facilitate single or multiple broker-dealers' production of proprietary data products. The potential sources of proprietary products are virtually limitless.

Market data vendors provide another form of price discipline for proprietary data products because they control the primary means of access to end subscribers. Vendors impose price restraints based upon their business models. For example, vendors such as Bloomberg and Thomson Reuters that assess a surcharge on data they sell may refuse to offer proprietary products that end subscribers will not purchase in sufficient numbers. Internet portals, such as Google, impose a discipline by providing only data that will enable them to attract "eyeballs" that contribute to their advertising revenue. Retail broker-dealers, such as Schwab and Fidelity, offer their customers proprietary data only if it promotes trading and generates sufficient commission revenue. Although the business models may differ, these vendors' pricing discipline is the same: they can simply refuse to purchase any proprietary data product that fails to provide sufficient value. The Exchange and other producers of proprietary data products must understand and respond to these varying business models and pricing disciplines in order to market proprietary data products successfully.

In addition to the competition and price discipline described above, the market for proprietary data products is also highly contestable because market entry is rapid, inexpensive, and profitable. The history of electronic trading is replete with examples of entrants that swiftly grew into some of the largest electronic trading platforms and proprietary data producers: Archipelago, BATS Trading and Direct Edge. Regulation NMS, by deregulating the market for proprietary data, has increased the contestability of that market. While broker-dealers have previously published their proprietary data individually, Regulation NMS encourages market data vendors and broker-dealers to produce proprietary products cooperatively in a manner never

before possible. Multiple market data vendors already have the capability to aggregate data and disseminate it on a profitable scale, including Bloomberg, and Thomson Reuters.

The Court in NetCoalition concluded that the Commission had failed to demonstrate that the market for market data was competitive based on the reasoning of the Commission's NetCoalition order because, in the Court's view, the Commission had not adequately demonstrated that the proprietary data at issue in the case is used to attract order flow. The Exchange believes, however, that evidence not then before the court clearly demonstrates that availability of data attracts order flow. Due to competition among platforms, the Exchange intends to improve its platform data offerings on a continuing basis, and to respond promptly to customers' data needs.

The intensity of competition for proprietary information is significant and the Exchange believes that this proposal itself clearly evidences such competition. The Exchange is offering AIS in order to keep pace with changes in the industry and evolving customer needs. It is entirely optional and is geared towards attracting new Member Applicants and customers. MIAX competitors continue to create new market data products and innovative pricing in this space. The Exchange expects to see firms challenge its pricing on the basis of the Exchange's explicit fees being higher than the zero-priced fees from other competitors such as BATS. In all cases, the Exchange expects firms to make decisions on how much and what types of data to consume on the basis of the total cost of interacting with MIAX or other exchanges. Of course, the explicit data fees are only one factor in a total platform analysis. Some competitors have lower transactions fees and higher data fees, and others are vice versa. The market for this proprietary information is highly competitive and continually evolves as products develop and change.

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.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

Electronic comments:

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

or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2014-51 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.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-MIAX-2014-51. 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-2014-51 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

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

MIAX Options Fee Schedule

1) - 3) No Change.

4) Testing and Certification Fees

a) Member Application Programming Interface (API) Testing and Certification (One-Time Fee)

Type of Member	API Testing and Certification Fee
Electronic Exchange Member	\$1,000.00
Market Maker	\$2,500.00[
Administrative Information Subscriber ("AIS") ¹⁹	\$1,000.00]

b) Non-Member API Testing and Certification (One-Time Fee)

Non-Member	API Testing and Certification
Third Party Vendors ^{[20]19} and Service Bureaus ^[21] <u>and other non-Members</u> ²⁰	\$1,000.00[
AIS	\$1,000.00]

c) Member Network Testing and Certification Fee (One-Time Fee)

Member Network Connectivity Testing and Certification	1 Gigabit Per Firm	10 Gigabit Per Firm
Individual Firm	\$1,000.00	\$4,000.00

^[19] An AIS is a non-Market Maker that connects with the MIAX System for purposes of receiving administrative information from the MIAX System.]

^{[20]19} Third Party Vendors are subscribers of MIAX's market and other data feeds, which they in turn use for redistribution purposes.

^{[21]20} A Service Bureau is a technology provider that offers and supplies technology and technology services to a trading firm that does not have its own proprietary system.

d) Non-Member Network Testing and Certification Fee (One-Time Fee)

Non-Member Network Connectivity Testing and Certification	1 Gigabit Per Connection	10 Gigabit Per Connection
Service Bureau/Extranet Provider ^{[22]21} and other non-Members – One Connection	\$1,000.00	\$4,000.00

5) System Connectivity Fees**a) Monthly Member Network Connectivity Fee**

Member Network Connectivity Per Month	1 Gigabit Per Connection	10 Gigabit Per Connection
Individual Firm	\$1,000.00	\$5,000.00

The Member Network Connectivity fee will be pro-rated for new Members based on the number of trading days on which the Member used the connectivity in its first month of trading on or receiving information by way of such connectivity with MIAX, divided by the total number of trading days in such month multiplied by the monthly rate.

b) Monthly Non-Member Network Connectivity Fee

Non-Member Network Connectivity Per Month	1 Gigabit Per Connection	10 Gigabit Per Connection
Service Bureau/Extranet Provider and other non-Members	\$1,000.00	\$5,000.00[
AIS	\$1,000.00	\$5,000.00]

The non-Member Network Connectivity fee will be pro-rated for new non-Members connecting to the MIAX System based on the number of trading days on which the non-Member used the connectivity in its first month of trading on or (in the case of an AIS, receiving administrative information by way of such connectivity with MIAX, divided by the total number of trading days in such month multiplied by the monthly rate.

c) Pass-Through of External Connectivity Fees

MIAX will assess External Connectivity fees to Members and non-Members that establish connections with MIAX through a third-party. Fees assessed to MIAX by third-party external vendors on behalf of a Member or

^{[22]21} An Extranet Provider is a technology provider that connects with MIAX systems and in turn provides such connectivity to MIAX participants that do not connect directly with MIAX.

non-Member connecting to MIAX (including cross-connects),^{[23]22} will be passed through to the Member or non-Member. The External Connectivity fees passed through can include one-time set-up fees, monthly charges, and other fees charged to MIAX by a third-party for the benefit of a Member or non-Member.

d) Port Fees

i) FIX Port Fees

MIAX will assess monthly Financial Information Exchange (“FIX”) Port^{[24]23} Fees on Members based upon the number of FIX Ports used by the Member submitting orders to MIAX.

FIX Port Fees	MIAX Monthly Port Fees Includes Connectivity to the Primary, Secondary and Disaster Recovery Data Centers ^{[25]24}
1st FIX Port	\$250 per month
FIX Ports 2 through 5	\$150 per month per port
Additional FIX Ports over 5	\$50 per month per port

ii) MEI Port Fees

MIAX will assess monthly MIAX Express Interface (“MEI”)^{[26]25} Port fees on Market Makers based upon the number of MIAX matching engines^{[27]26} used by the Market Maker. MEI Port users will be allocated two (2) Full Service MEI Ports^{[28]27} and two (2) Limited Service MEI Ports^{[29]28} per matching engine to which they connect. An MEI Port provides a Market Maker with the connectivity necessary to submit electronic quotes to the MIAX System.

^{[23]22} A “cross-connect” occurs when the affected third-party system is sited at the same data center where MIAX systems are sited, and the third-party connects to MIAX through the data center, rather than connecting directly to MIAX outside of the data center.

^{[24]23} A FIX Port is an interface with MIAX systems that enables the Port user (typically an Electronic Exchange Member or a Market Maker) to submit orders electronically to MIAX.

^{[25]24} MIAX has primary and secondary data centers and a disaster recovery center. Each port provides access to all three data centers for a single fee.

^{[26]25} MIAX Express Interface is a connection to MIAX systems that enables Market Makers to submit electronic quotes to MIAX.

^{[27]26} A “matching engine” is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

^{[28]27} Full Service MEI Ports provide Market Makers with the ability to send Market Maker quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine.

^{[29]28} Limited Service MEI Ports provide Market Makers with the ability to send eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine.

MEI Fees	MIAX Monthly MEI Fees Includes MEI Ports at the Primary, Secondary and Disaster Recovery Data Centers
Market Maker's 1st Engine	\$1,000 per month for 2 full service ports and 2 limited service ports for first engine
Market Maker's Engines 2 through 5	\$500 per month for 2 full service ports and 2 limited service ports for each engine
Market Maker's Engines over 5	\$250 per month for 2 full service ports and 2 limited service ports for each engine
Additional Limited Service MEI Ports	\$10 per month per additional limited service port for each engine ^{[30] 29}

iii) Clearing Trade Drop Port Fees

Description	Monthly Fee
Real-Time CTD Information	\$0.0030 per executed contract side

CTD provides Exchange members with real-time clearing trade updates. The updates include the member's clearing trade messages on a low latency, real-time basis. The trade messages are routed to a member's connection containing certain information. The information includes, among other things, the following: (i) trade date and time; (ii) symbol information; (iii) trade price/size information; (iv) member type (for example, and without limitation, Market Maker, Electronic Exchange Member, Broker-Dealer); and (v) Exchange Member Participant Identifier ("MPID") for each side of the transaction, including clearing member MPID.

[iv) AIS Port³¹ Fees

AIS Ports	AIS Monthly Port Fees
1 st Engine	\$1,000.00 per month for 2 ports for first engine
Engines 2 through 5	\$250.00 for 2 ports for each engine
Engines over 5	\$125.00 for 2 ports for each engine]

e) Electronic Exchange Member MPID Fees

MIAX will assess monthly MIAX Member Participant Identifier ("MPID") fees to Electronic Exchange Members ("EEMs"), based upon the number of MPIDs assigned to the particular EEM in a given month.

^{[30]29} Market Makers are limited to two additional Limited Service MEI Ports per matching engine, for a total of four per matching engine.

^{[31} An AIS Port provides an AIS with the connectivity necessary to receive administrative information from the MIAX System.]

EEM MPID Fees	EEM Monthly MPID Fees
1st MPID per EEM	\$200 per month
2 nd through 5 th EEM MPID	\$100 per month for each MPID
Each Additional EEM MPID over 5	\$50 per month for each MPID

6) Market Data Fees – MIAX Top of Market (“ToM”)

Distributor Type	Monthly Fee
Internal Distributor	\$1,000.00
External Distributor	\$1,500.00

MIAX assesses market data fees applicable to ToM on Internal and External Distributors. A Distributor of MIAX data is any entity that receives a feed or file of data either directly from MIAX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All Distributors are required to execute a MIAX Distributor Agreement. Market Data Fees for ToM will be reduced for new Distributors for the first month during which they subscribe to ToM, based on the number of trading days that have been held during the month prior to the date on which they subscribe. Such new Distributors will be assessed a pro-rata percentage of the fees described above, which is the percentage of the number of trading days remaining in the affected calendar month as of the date on which they begin to receive the ToM feed, divided by the total number of trading days in the affected calendar month.

7) Market Data Fees – Administrative Information Subscriber (“AIS”)

<u>Distributor Type</u>	<u>Monthly Fee</u>
<u>Internal Distributor</u>	<u>\$1,000.00</u>
<u>External Distributor</u>	<u>\$1,500.00</u>

MIAX assesses market data fees applicable to AIS on Internal and External Distributors. A Distributor of MIAX data is any entity that receives a feed or file of data either directly from MIAX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All Distributors are required to execute a MIAX Distributor Agreement. Market Data Fees for AIS will be reduced for new Distributors for the first month during which they subscribe to AIS, based on the number of trading days that have been held during the month prior to the date on which they subscribe. Such new Distributors will be assessed a pro-rata percentage of the fees described above, which is the percentage of the number of trading days remaining in the affected calendar month as of the date on which they begin to receive the AIS feed, divided by the total number of trading days in the affected calendar month. The monthly fee for Distributors of AIS will be waived if they also subscribe to ToM.