

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74555; File No. SR-MIAX-2015-20)

March 20, 2015

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

Pursuant to 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 March 11, 2015, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the 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 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 its current MIAX Market Maker³ sliding scale for transaction fees to: (i) adopt transaction fees for non-Penny Pilot options classes; and (ii) provide for additional incentives for achieving certain Priority Customer Rebate Program volume tiers.

The sliding scale for MIAX Market Maker transaction fees is based on the substantially similar fees of the Chicago Board Options Exchange, Incorporated ("CBOE").⁴ Currently, the program reduces a MIAX Market Maker's per contract transaction fee based on percentages of total national Market Maker volume of any options classes that trade on the exchange during the calendar month, based on the following scale:

³ "MIAX Market Maker" for purposes of the proposed sliding scale means any MIAX Market Maker including RMM, LMM, PLMM, DLMM, and DPLMM.

⁴ See Securities Exchange Act Release Nos. 55193 (January 30, 2007), 72 FR 5476 (February 6, 2007) (SR-CBOE-2006-111); 57191 (January 24, 2008), 73 FR 5611 (January 30, 2008); 58321 (August 6, 2008), 73 FR 46955 (SR-CBOE-2008-78). See also CBOE Fees Schedule, p. 3. The Exchange notes that CBOE does not charge market makers a differentiated transaction fee for non-Penny Pilot option classes.

Tier	Percentage of National Market Maker Volume	Transaction Fee Per Contract
1	0.00% - 0.05%	\$0.25
2	Above 0.05% - 0.50%	\$0.17
3	Above 0.50% - 0.80%	\$0.12
4	Above 0.80% - 1.50%	\$0.07
5	Above 1.50%	\$0.05

The Exchange proposes to amend its current MIAX Market Maker sliding scale for transactions to adopt transaction fees for non-Penny Pilot options classes. Specifically, the Exchange proposes to reduce a MIAX Market Maker's per contract transaction fee based on percentages of total national Market Maker volume of any options classes that trade on the exchange during the calendar month, based on the following scale:

Tier	Percentage of National Market Maker Volume	Non-Penny Pilot Classes Transaction Fee Per Contract
1	0.00% - 0.05%	\$0.29
2	Above 0.05% - 0.50%	\$0.21
3	Above 0.50% - 0.80%	\$0.16
4	Above 0.80% - 1.50%	\$0.11
5	Above 1.50%	\$0.09

The proposed sliding scale would apply to all MIAX Market Makers for transactions in all non-Penny Pilot options classes except mini-options. A MIAX Market Maker's initial \$0.29 per contract rate will be reduced if the MIAX Market Maker reaches the volume thresholds set forth in the sliding scale in a month. As a MIAX Market Maker's monthly volume increases, its per contract transaction fee would decrease. The Market Maker sliding scale will continue to apply to MIAX Market Maker (RMM, LMM, DLMM, PLMM, DPLMM) transaction fees in all non-Penny Pilot options classes except mini-options. MIAX Market Makers will continue to be assessed a \$0.02 per executed contract fee for transactions in mini-options. The Exchange notes that MIAX Market Makers will continue to be assessed transactions fees for Penny Pilot options classes pursuant to the current Market Maker sliding scale.⁵

The Exchange believes the proposed sliding scale for non-Penny Pilot options classes is objective in that the fee reductions are based solely on reaching stated volume thresholds. The specific volume thresholds of the tiers were set based upon business determinations and an analysis of current volume levels. The specific volume thresholds and rates were set in order to encourage MIAX Market Makers to reach for higher tiers. The Exchange believes that the proposed changes to the tiered fee schedule may incent firms to display their orders on the Exchange and increase the volume of contracts traded here in order to qualify for lower fee rates in the higher tiers.

As mentioned above, the Exchange notes that the proposed sliding fee scale for MIAX Market Makers structured on contract volume thresholds is based on the substantially similar

⁵ See MIAX Options Fee Schedule, Section 1)a)i). Specifically, MIAX Market Makers will be assessed \$0.25 per contract for tier 1, \$0.17 per contract for tier 2, \$0.12 per contract for tier 3, \$0.07 per contract for tier 4, and \$0.05 per contract for tier 5 for transactions in standard options in Penny Pilot options classes as currently provided in the Market Maker sliding scale.

fees of the CBOE.⁶ The Exchange also notes that a number of other exchanges have tiered fee schedules which offer different transaction fee rates depending on the monthly ADV of liquidity providing executions on their facilities.⁷

The Exchange proposes to offer MIAX Market Makers the opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot options classes in the same manner as Penny Pilot options classes. As proposed, any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 and is a MIAX Market Maker will be assessed \$0.27 per contract for tier 1, \$0.19 per contract for tier 2, \$0.14 per contract for tier 3, \$0.09 per contract for tier 4, and \$0.07 per contract for tier 5 for transactions in standard options in non-Penny Pilot options classes in lieu of the applicable transaction fees in the Market Maker sliding scale.

The Exchange believes that these incentives will encourage MIAX Market Makers to transact a greater number of orders on the Exchange.

2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in

⁶ See Securities Exchange Act Release Nos. 55193 (January 30, 2007), 72 FR 5476 (February 6, 2007) (SR-CBOE-2006-111); 58321 (August 6, 2008), 73 FR 46955 (SR-CBOE-2008-78); 71295 (January 14, 2014), 79 FR 3443 (January 21, 2014) (SR-CBOE-2013-129). The Exchange notes that CBOE does not charge market makers a differentiated transaction fee for non-Penny Pilot option classes.

⁷ See, e.g., International Securities Exchange, LLC, Schedule of Fees, Section IV, C; NASDAQ Options Market, Chapter XV, Section 2.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that its proposal to assess transaction fees in non-Penny Pilot options classes, which differs from Penny Pilot options classes, is consistent with other options markets that also assess different transaction fees for non-Penny Pilot options classes as compared to Penny Pilot options classes. The Exchange believes that establishing different pricing for non-Penny Pilot options and Penny Pilot options is reasonable, equitable, and not unfairly discriminatory because Penny Pilot options are more liquid options as compared to non-Penny Pilot options. Additionally, other competing options exchanges differentiate pricing in a similar manner today in other types of transaction fees.¹⁰

The proposed volume based discount fee structure is not discriminatory in that all MIAX Market Makers are eligible to submit (or not submit) liquidity, and may do so at their discretion in the daily volumes they choose during the course of the billing period. All similarly situated MIAX Market Makers are subject to the same fee structure, and access to the Exchange is offered on terms that are not unfairly discriminatory. Volume based discounts have been widely adopted by options and equities markets, and are equitable because they are open to all MIAX Market Makers on an equal basis and provide discounts that are reasonably related to the value of an exchange's market quality associated with higher volumes. The proposed fee levels and

¹⁰ See NASDAQ OMX PHLX LLC Pricing Schedule, Section II (assessing differentiated transaction fees for Penny Pilot and non-Penny Pilot options classes); NYSE Amex Options Fee Schedule, p. 6 (assessing differentiated transaction fees for Penny Pilot and non-Penny Pilot options classes); Chicago Board Options Exchange, Incorporated, Fee Schedule, p. 1 (assessing differentiated transaction fees for Penny Pilot and non-Penny Pilot options classes). See also Securities Exchange Act Release No. 68556 (January 2, 2013), 78 FR 1293 (January 8, 2013) (SR-BX-2012-074). Please note that neither of these exchanges currently has differentiated pricing for non-Penny Pilot options classes in a tiered volume scale for market makers.

volume thresholds are reasonably designed to be comparable to those of other options exchanges employing similar fee programs, and also to attract additional liquidity and order flow to the Exchange.

The Exchange's proposal to provide MIAX Market Makers the opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot option classes, provided certain criteria are met, is reasonable because the Exchange desires to offer all such market participants an opportunity to lower their transaction fees. The Exchange's proposal to offer MIAX Market Makers the opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot option classes, provided certain criteria are met, is equitable and not unfairly discriminatory because the Exchange offers all market participants, excluding Priority Customers, a means to reduce transaction fees by qualifying for volume tiers in the Priority Customer Rebate Program. The Exchange believes that offering all such market participants the opportunity to lower transaction fees by incentivizing them to transact Priority Customer order flow in turn benefits all market participants.

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 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. The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner that encourages market participants to provide liquidity and to send order flow 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.¹¹ 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-2015-20 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.

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-MIAX-2015-20. 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 website (<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 such filing also will be available for inspection and copying at the principal offices 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-2015-20, 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.¹²

Brent J. Fields
Secretary

¹² 17 CFR 200.30-3(a)(12).