Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2015 - * 47

Amendment No. (req. for Amendments *)

Filing by   Miami International Securities Exchange, LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Rule

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

Proposed rule change relating to the Reset on Quote functionality.

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 *	Richard	Last Name *	Rudolph
Title *	Vice President and Senior Counsel		
E-mail *	rrudolph@miami-holdings.com		
Telephone *	(609) 897-1484	Fax	

Signature

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

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

(Title *)

Date	07/13/2015	Vice President and Senior Counsel
By	Richard S. Rudolph	
	(Name *)	

Persona Not Validated - 1427205277040,

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.

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 Exchange Rule 612 concerning the Reset on Quote

functionality included in the MIAX Aggregate Risk Manager.

Notice of the proposed rule change for publication in the Federal Register is attached

hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

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

The proposed rule change was approved by the Chief Executive Officer of the Exchange

pursuant to authority delegated by the MIAX Board of Directors on December 11,

2014. 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 Richard S.

Rudolph, Vice President and Senior Counsel, at (609) 897-1484.

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

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

a.   Purpose

The Exchange proposes to amend Exchange Rule 612, Aggregate Risk Manager ("ARM") to make optional and more specifically define the current ARM "Reset on Quote" functionality, as described below.

The MIAX System[3] maintains a counting program ("counting program") for Market Makers[4] in their assigned option classes. Using the counting program, ARM protects Market Makers by limiting the number of contracts they execute in an option class on the Exchange within a specified time period that has been established by the Market Maker (a "specified time period"). MIAX Market Makers establish a percentage of their quotations (the "Allowable Engagement Percentage") and the specified time period for each option class in which they are appointed.[5] When an execution against a Market Maker's Standard quote[6] or Day eQuote (as

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[3]   The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

[4]   The term "Market Maker" refers to a "Lead Market Maker," "Primary Lead Market Maker" and "Registered Market Maker" collectively. A Lead Market Maker is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of these Rules with respect to Lead Market Makers. A Primary Lead Market Maker is a Lead Market Maker appointed by the Exchange to act as the Primary Lead Market Maker for the purpose of making markets in securities traded on the Exchange. A Registered Market Maker is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange, who is not a Lead Market Maker. See Exchange Rule 100.

[5]   The Exchange's Board or designated committee appoints one Primary Lead Market Maker and other Market Makers to each options class traded on the Exchange. For a complete description of the Exchange's appointment process, see Exchange Rule 602.

[6]   A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any. See Exchange Rule 517(a)(1).

defined below) occurs, the System looks back over the specified time period to determine whether the execution is of sufficient size to trigger the Aggregate Risk Manager. The System activates the Aggregate Risk Manager when it has determined that a Market Maker has traded a number of contracts equal to or above their Allowable Engagement Percentage during the specified time period. The Aggregate Risk Manager then automatically cancels and removes the Market Maker's Standard quotes from the Exchange's disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation in the affected class. Any eQuotes[7] other than Day eQuotes[8] present in the market are not cancelled by the Aggregate Risk Manager.

Currently, Exchange Rule 612(b)(1) states that, when a Market Maker revises his/her quotation on the buy side or sell side of an individual option, that side of the individual option will not be included in the Allowable Engagement Percentage and Net Offset calculations until it trades again.

Proposed Rule 612(b)(1)(i) would clarify the existing rule to more precisely define this functionality. Proposed sub-paragraph (b)(1)(i) would clarify that when a Market Maker revises his/her quotation on the buy side or sell side of an individual option, contracts executed on that side will not be included in the Allowable Engagement Percentage and Net Offset calculations. For ease of reference, the Exchange proposes to establish the name "Reset on Quote" to describe

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[7]   An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See Exchange Rule 517(a)(2).

[8]   A Day eQuote is a quote submitted by a Market Maker that does not automatically cancel or replace the Market Maker's previous Standard quote or eQuote. Day eQuotes will expire at the close of trading each trading day. See Exchange Rule 517(a)(2)(i).

this functionality in the new sub-paragraph. The Exchange believes that this change more precisely and accurately describes the Reset on Quote functionality and should better serve to inform Members and investors of what happens to the counting program when a Standard quote replaces another Standard quote.[9] The proposed rule will specifically state that, in such a situation, the counting program is reset to zero (*i.e.*, the counting system will be reset and begin anew) on that side upon receipt of the revised quotation for the affected individual option until it trades again. The Exchange believes this proposed amendment more precisely describes the current functionality.

Additionally, the proposed rule would give Market Makers the ability to opt out of the Reset on Quote functionality, and to opt back in at any time following the Market Maker's determination to opt out. Under the proposed rule, a Market Maker may determine to disengage or re-engage the Reset on Quote functionality for an option class.[10] A Market Maker may disengage Reset on Quote by notifying the Exchange of its determination to disengage in a manner required by the Exchange and communicated to Members by Regulatory Circular. If a Market Maker determines to disengage the Reset on Quote functionality, the counting program will continue to count the number of contracts executed during the specified time period despite the submission by the Market Maker of a new Standard quote on that side of the market. If the Reset on Quote functionality is disengaged, the System will not reset the counting program to zero upon receipt of a revised quotation and instead will continue to add the number of contracts executed against the new quote to the number of contracts executed against any previous quotes

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[9]   eQuotes, including Day eQuotes, do not cancel or replace existing eQuotes. See supra notes 7 and 8.

[10]   The terms "class of options" or "option class" mean all option contracts covering the same underlying security. See Exchange Rule 100.

on that side of the individual option during the specified time period. Absent notification to the Exchange to disengage Reset on Quote, the ARM counting system will, by default, continue to function as it does currently.

Once a Market Maker has determined to disengage Reset on Quote, it will not be re-engaged until the Market Maker determines to do so by notifying the Exchange of such a determination in a manner required by the Exchange and communicated to Members by Regulatory Circular. This non-automated notification requires the Exchange to re-engage the Reset on Quote functionality, as opposed to the method of re-engaging the standard ARM protections, where the Market Maker re-engages the ARM by sending a notification to the System of the intent to re-engage quoting and submits a new revised quotation in the affected class. The purpose of the non-automated method of re-engaging Reset on Quote is to give Market Makers the ability to reconsider and re-engage Reset on Quote during times of peak or unusual market activity, rather than an automated re-engagement. The Exchange believes that this non-automated contact will strengthen the efficiency of Reset on Quote by providing Market Makers with the ability to thoroughly assess current market conditions in setting risk management levels and controls.

The System will consider disengagement of Reset on Quote to be a persistent state; disengagement of the Reset on Quote functionality will remain in place indefinitely (*i.e.*, for an entire trading session and across multiple trading sessions) until the Market Maker notifies the Exchange to re-engage it. A Market Maker may determine to disengage and re-engage Reset on Quote multiple times intra-day.

The purpose of the proposed rule change is to enable individual Market Makers to tailor their risk management by disengaging or re-engaging the ARM Reset on Quote functionality for

an individual option class or for multiple classes as market conditions warrant, based on their own risk tolerance and quoting behavior. The proposed rule change would provide Market Makers with flexibility to choose to have ARM count contracts executed during the specified time period that result from all executions on that side of the market, regardless of the number, price and/or size of the quotes against which executions occur during the counting period. This flexibility means that Market Makers may still elect to have the Reset on Quote functionality engaged, and thus only count contracts executed against their most recently submitted quote for purposes of calculating the Allowable Engagement Percentage. This will provide greater customization of risk controls based on each individual Market Maker's risk thresholds.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act[11] in general, and furthers the objectives of Section 6(b)(5) of the Act[12] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

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[11]   15 U.S.C. 78f(b).

[12]   15 U.S.C. 78f(b)(5).

The Exchange believes that Members will benefit from the proposed rule change. Market Makers, who are obligated to submit continuous two-sided quotations in a certain number of series in their appointed option classes for a certain percentage of each trading session,[13] are vulnerable to the risk from unusual market conditions, volatility in specific option classes, and other market events that may cause them to receive multiple, extremely rapid automatic executions before they can adjust their quotations and overall risk exposure in the market. The Reset on Quote functionality is a valuable tool in assisting Market Makers in risk management; the ability of a Market Maker to determine if and when it is engaged or disengaged enables them to further tailor their risk management based on their expectation of market behavior and volatility or on actual real-time market conditions.

Without adequate risk management tools in place on the Exchange, the incentive for Exchange Market Makers to quote aggressively respecting both price and size could be diminished, and could result in a concomitant reduction in the depth and liquidity they provide to the market. Such a result may undermine the quality of the markets that would otherwise be available to customers and other market participants. Accordingly, the Exchange proposes to help Market Makers better manage their risk exposure by giving them the ability to opt out of the Reset on Quote functionality. This should encourage Market Makers to provide additional depth and liquidity to the Exchange's markets, thereby removing impediments to and perfecting the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest.

In addition, the proposed rule change promotes just and equitable principles of trade by providing Exchange Market Makers with the ability to refine and tailor their participation in risk

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[13]   For a complete description of MIAX Market Maker quoting obligations, see Exchange Rule 604.

management mechanisms on the Exchange to give them confidence that protections are in place to reduce the risks associated with their Market Making obligations. Finally, the proposed rule change is designed to protect investors and the public interest by helping Market Makers prevent executions resulting from activity that exceeds their risk tolerance level under these rules as established by the Exchange.

The amendments to the existing Reset on Quote functionality in the proposed rule are intended to remove impediments to and perfect the mechanisms of a free and open market by adding precision and ease of reference to the Exchange's rules, thus promoting transparency and clarity for Market Makers seeking to determine their risk management settings.

The Exchange notes that the proposed rule change will not relieve Exchange Market Makers of their continuous quoting obligations under Exchange Rule 604 and under Reg NMS Rule 602.[14] All of a Market Maker's quotes in each option class will be considered firm until such time as the Allowable Engagement Percentage threshold has been equaled or crossed and the Market Maker's quotes are removed by the Aggregate Risk Manager in all series of that option class.[15]

With regard to the impact of this proposal on system capacity, the Exchange notes that it has analyzed its capacity and represents that it and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle any potential additional traffic associated with the proposed rule change. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

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[14]   17 CFR 242.602.

[15]   See Exchange Rule 612(c).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

On the contrary, the Exchange believes that the proposed rule change will foster competition by providing Exchange Market Makers with the ability to enhance and specifically customize their use of the Exchange's risk management tools to use in submitting quotations with the best possible price and size in order to compete for executions and order flow. The Exchange further believes the proposed rule change will not impose any burden on intra-market competition because its use is voluntary and is available to all Exchange Market Makers and Market Maker organizations.

As to inter-market competition, the Exchange believes that the proposed rule change should promote competition because it is designed to protect Exchange Market Makers from unusual market conditions or events that may cause them to receive multiple, automatic executions before they can adjust their quotation exposure in the market.

For all the reasons stated, 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, and believes the proposed change will in fact enhance competition.

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) of the Act[16] and Rule 19b-4(f)(6)[17] thereunder, the

Exchange has designated this proposal as one that effects a change that: (i) does not significantly

affect the protection of investors or the public interest; (ii) does not impose any significant

burden on competition; and (iii) by its terms, does not become operative for 30 days after the

date of the filing, or such shorter time as the Commission may designate if consistent with the

protection of investors and the public interest.

The Exchange does not believe that the proposed rule change raises any novel or unique

substantive issues, and is based in part on the rules of another options exchange.[18] The proposed

rule change simply enhances the existing ARM risk management tool by allowing Exchange

Market Makers to disengage and re-engage the current functionality as market conditions

warrant. Further, the proposed rule change adds a more precise description of, and a name to,

the current Reset on Quote functionality. It raises no new regulatory issues. Accordingly, the

Exchange believes that the proposed rule change is eligible for immediately effective treatment

under the Commission's current procedures for processing rule filings.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written

notice of its intent to file the proposed rule change at least five business days prior to the date of

filing of the proposed rule change, or such shorter time as designated by the Commission.

MIAX has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to

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[16]   15 U.S.C. 78s(b)(3)(A).

[17]   17 CFR 240.19b-4(f)(6).

[18]   See Securities Exchange Act Release No. 71347 (January 17, 2014) 79 FR 4188 (January 24, 2014) (SR-CBOE-2014-002).

Rule 19b-4(f)(6) under the Act[19] normally does not become operative for 30 days after the date of its filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based in part on Chicago Board Options Exchange, Inc. ("CBOE") Rule 8.18,[20] which gives Market Makers the ability to specify a maximum cumulative percentage, defined as the sum of the percentages of the original quoted size of each side of each series within a class that traded, that a Market Maker is willing to trade during a rolling time period after which their quotations in the affected class are removed.

The MIAX rule differs in that the MIAX counting program is not based on the original quoted size; the Reset on Quote functionality resets the counting program to zero upon receipt by the System of a revised quote. The instant proposal would permit MIAX Market Makers to disengage the Reset on Quote functionality, which would cause the counting program to continue to count contracts executed during the specified time period without resetting to zero despite the receipt of a revised quote. The continuation of the counting program without resetting to zero performs the calculation of the Allowable Engagement Percentage in a similar manner as the current CBOE calculation of the maximum cumulative percentage, which also does not reset to zero upon the receipt of a revised quote.

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[19]   17 CFR 240.19b-4(f)(6).

[20]   See supra note 18.

9.   Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10.   Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11.   Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-   ; File No. SR-MIAX-2015-47)

July__, 2015

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule
Change by Miami International Securities Exchange LLC to Amend Exchange Rule 612
Regarding the Reset on Quote Functionality Included in the MIAX Aggregate Risk Manager

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 July 13, 2015, Miami

International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and

Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and

III below, which Items have been prepared by the Exchange. The Commission is publishing this

notice to solicit comments on the proposed rule change from interested persons.

I.   Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed
        Rule Change

The Exchange is filing a proposal to amend Exchange Rule 612 concerning the Reset on

Quote functionality included in the MIAX Aggregate Risk Manager.

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

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[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 Exchange Rule 612, Aggregate Risk Manager

("ARM") to make optional and more specifically define the current ARM "Reset on Quote"

functionality, as described below.

The MIAX System[3] maintains a counting program ("counting program") for Market

Makers[4] in their assigned option classes. Using the counting program, ARM protects Market

Makers by limiting the number of contracts they execute in an option class on the Exchange

within a specified time period that has been established by the Market Maker (a "specified time

period"). MIAX Market Makers establish a percentage of their quotations (the "Allowable

Engagement Percentage") and the specified time period for each option class in which they are

appointed.[5] When an execution against a Market Maker's Standard quote[6] or Day eQuote (as

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[3]   The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

[4]   The term "Market Maker" refers to a "Lead Market Maker," "Primary Lead Market Maker" and "Registered Market Maker" collectively. A Lead Market Maker is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of these Rules with respect to Lead Market Makers. A Primary Lead Market Maker is a Lead Market Maker appointed by the Exchange to act as the Primary Lead Market Maker for the purpose of making markets in securities traded on the Exchange. A Registered Market Maker is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange, who is not a Lead Market Maker. See Exchange Rule 100.

[5]   The Exchange's Board or designated committee appoints one Primary Lead Market Maker and other Market Makers to each options class traded on the Exchange. For a complete description of the Exchange's appointment process, see Exchange Rule 602.

defined below) occurs, the System looks back over the specified time period to determine whether the execution is of sufficient size to trigger the Aggregate Risk Manager. The System activates the Aggregate Risk Manager when it has determined that a Market Maker has traded a number of contracts equal to or above their Allowable Engagement Percentage during the specified time period. The Aggregate Risk Manager then automatically cancels and removes the Market Maker's Standard quotes from the Exchange's disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation in the affected class. Any eQuotes[7] other than Day eQuotes[8] present in the market are not cancelled by the Aggregate Risk Manager.

Currently, Exchange Rule 612(b)(1) states that, when a Market Maker revises his/her quotation on the buy side or sell side of an individual option, that side of the individual option will not be included in the Allowable Engagement Percentage and Net Offset calculations until it trades again.

Proposed Rule 612(b)(1)(i) would clarify the existing rule to more precisely define this functionality. Proposed sub-paragraph (b)(1)(i) would clarify that when a Market Maker revises his/her quotation on the buy side or sell side of an individual option, contracts executed on that side will not be included in the Allowable Engagement Percentage and Net Offset calculations. For ease of reference, the Exchange proposes to establish the name "Reset on Quote" to describe

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[6]   A Standard quote is a quote submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any. See Exchange Rule 517(a)(1).

[7]   An eQuote is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See Exchange Rule 517(a)(2).

[8]   A Day eQuote is a quote submitted by a Market Maker that does not automatically cancel or replace the Market Maker's previous Standard quote or eQuote. Day eQuotes will expire at the close of trading each trading day. See Exchange Rule 517(a)(2)(i).

this functionality in the new sub-paragraph. The Exchange believes that this change more precisely and accurately describes the Reset on Quote functionality and should better serve to inform Members and investors of what happens to the counting program when a Standard quote replaces another Standard quote.[9] The proposed rule will specifically state that, in such a situation, the counting program is reset to zero (*i.e.*, the counting system will be reset and begin anew) on that side upon receipt of the revised quotation for the affected individual option until it trades again. The Exchange believes this proposed amendment more precisely describes the current functionality.

Additionally, the proposed rule would give Market Makers the ability to opt out of the Reset on Quote functionality, and to opt back in at any time following the Market Maker's determination to opt out. Under the proposed rule, a Market Maker may determine to disengage or re-engage the Reset on Quote functionality for an option class.[10] A Market Maker may disengage Reset on Quote by notifying the Exchange of its determination to disengage in a manner required by the Exchange and communicated to Members by Regulatory Circular. If a Market Maker determines to disengage the Reset on Quote functionality, the counting program will continue to count the number of contracts executed during the specified time period despite the submission by the Market Maker of a new Standard quote on that side of the market. If the Reset on Quote functionality is disengaged, the System will not reset the counting program to zero upon receipt of a revised quotation and instead will continue to add the number of contracts executed against the new quote to the number of contracts executed against any previous quotes on that side of the individual option during the specified time period. Absent notification to the

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[9]   eQuotes, including Day eQuotes, do not cancel or replace existing eQuotes. See supra notes 7 and 8.

[10]   The terms "class of options" or "option class" mean all option contracts covering the same underlying security. See Exchange Rule 100.

Exchange to disengage Reset on Quote, the ARM counting system will, by default, continue to function as it does currently.

Once a Market Maker has determined to disengage Reset on Quote, it will not be re-engaged until the Market Maker determines to do so by notifying the Exchange of such a determination in a manner required by the Exchange and communicated to Members by Regulatory Circular. This non-automated notification requires the Exchange to re-engage the Reset on Quote functionality, as opposed to the method of re-engaging the standard ARM protections, where the Market Maker re-engages the ARM by sending a notification to the System of the intent to re-engage quoting and submits a new revised quotation in the affected class. The purpose of the non-automated method of re-engaging Reset on Quote is to give Market Makers the ability to reconsider and re-engage Reset on Quote during times of peak or unusual market activity, rather than an automated re-engagement. The Exchange believes that this non-automated contact will strengthen the efficiency of Reset on Quote by providing Market Makers with the ability to thoroughly assess current market conditions in setting risk management levels and controls.

The System will consider disengagement of Reset on Quote to be a persistent state; disengagement of the Reset on Quote functionality will remain in place indefinitely (*i.e.*, for an entire trading session and across multiple trading sessions) until the Market Maker notifies the Exchange to re-engage it. A Market Maker may determine to disengage and re-engage Reset on Quote multiple times intra-day.

The purpose of the proposed rule change is to enable individual Market Makers to tailor their risk management by disengaging or re-engaging the ARM Reset on Quote functionality for an individual option class or for multiple classes as market conditions warrant, based on their own risk tolerance and quoting behavior. The proposed rule change would provide Market

Makers with flexibility to choose to have ARM count contracts executed during the specified time period that result from all executions on that side of the market, regardless of the number, price and/or size of the quotes against which executions occur during the counting period. This flexibility means that Market Makers may still elect to have the Reset on Quote functionality engaged, and thus only count contracts executed against their most recently submitted quote for purposes of calculating the Allowable Engagement Percentage. This will provide greater customization of risk controls based on each individual Market Maker's risk thresholds.

The Exchange will announce the implementation date of the proposed rule change by Regulatory Circular to be published no later than 60 days following the operative date of the proposed rule. The implementation date will be no later than 60 days following the issuance of the Regulatory Circular.

    2.   <u>Statutory Basis</u>

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act[11] in general, and furthers the objectives of Section 6(b)(5) of the Act[12] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that Members will benefit from the proposed rule change. Market Makers, who are obligated to submit continuous two-sided quotations in a certain number of

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[11]   15 U.S.C. 78f(b).

[12]   15 U.S.C. 78f(b)(5).

series in their appointed option classes for a certain percentage of each trading session,[13] are

vulnerable to the risk from unusual market conditions, volatility in specific option classes, and

other market events that may cause them to receive multiple, extremely rapid automatic

executions before they can adjust their quotations and overall risk exposure in the market. The

Reset on Quote functionality is a valuable tool in assisting Market Makers in risk management;

the ability of a Market Maker to determine if and when it is engaged or disengaged enables them

to further tailor their risk management based on their expectation of market behavior and

volatility or on actual real-time market conditions.

Without adequate risk management tools in place on the Exchange, the incentive for

Exchange Market Makers to quote aggressively respecting both price and size could be

diminished, and could result in a concomitant reduction in the depth and liquidity they provide to

the market. Such a result may undermine the quality of the markets that would otherwise be

available to customers and other market participants. Accordingly, the Exchange proposes to

help Market Makers better manage their risk exposure by giving them the ability to opt out of the

Reset on Quote functionality. This should encourage Market Makers to provide additional depth

and liquidity to the Exchange's markets, thereby removing impediments to and perfecting the

mechanisms of a free and open market and a national market system and, in general, protecting

investors and the public interest.

In addition, the proposed rule change promotes just and equitable principles of trade by

providing Exchange Market Makers with the ability to refine and tailor their participation in risk

management mechanisms on the Exchange to give them confidence that protections are in place

to reduce the risks associated with their Market Making obligations. Finally, the proposed rule

change is designed to protect investors and the public interest by helping Market Makers prevent

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[13]   For a complete description of MIAX Market Maker quoting obligations, see Exchange
         Rule 604.

executions resulting from activity that exceeds their risk tolerance level under these rules as established by the Exchange.

The amendments to the existing Reset on Quote functionality in the proposed rule are intended to remove impediments to and perfect the mechanisms of a free and open market by adding precision and ease of reference to the Exchange's rules, thus promoting transparency and clarity for Market Makers seeking to determine their risk management settings.

The Exchange notes that the proposed rule change will not relieve Exchange Market Makers of their continuous quoting obligations under Exchange Rule 604 and under Reg NMS Rule 602.[14] All of a Market Maker's quotes in each option class will be considered firm until such time as the Allowable Engagement Percentage threshold has been equaled or crossed and the Market Maker's quotes are removed by the Aggregate Risk Manager in all series of that option class.[15]

With regard to the impact of this proposal on system capacity, the Exchange notes that it has analyzed its capacity and represents that it and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle any potential additional traffic associated with the proposed rule change. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

On the contrary, the Exchange believes that the proposed rule change will foster competition by providing Exchange Market Makers with the ability to enhance and specifically

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[14]   17 CFR 242.602.

[15]   See Exchange Rule 612(c).

customize their use of the Exchange's risk management tools to use in submitting quotations with the best possible price and size in order to compete for executions and order flow. The Exchange further believes the proposed rule change will not impose any burden on intra-market competition because its use is voluntary and is available to all Exchange Market Makers and Market Maker organizations.

As to inter-market competition, the Exchange believes that the proposed rule change should promote competition because it is designed to protect Exchange Market Makers from unusual market conditions or events that may cause them to receive multiple, automatic executions before they can adjust their quotation exposure in the market.

For all the reasons stated, 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, and believes the proposed change will in fact enhance competition.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act[16] and Rule 19b-4(f)(6)[17] thereunder.

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[16]   15 U.S.C. 78s(b)(3)(A).

[17]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change,

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-2015-47 on the subject line.

Paper comments:

☐   Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2015-47. 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).

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or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2015-47 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.[18]

Brent J. Fields
Secretary

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[18]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

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Rule 612. Aggregate Risk Manager (ARM)

(a) No change.

(b)(1) **Aggregate Risk Manager.** The System will engage the Aggregate Risk Manager in a particular option class when the counting program has determined that a Market Maker has traded during the specified time period a number of contracts equal to or above their Allowable Engagement Percentage. The Aggregate Risk Manager will then automatically remove the Market Maker's quotations from the Exchange's disseminated quotation in all series of that particular option class until the Market Maker sends a notification to the System of the intent to reengage quoting and submits a new revised quotation.

> (i) Reset on Quote Functionality. When the Market Maker revises his/her quotation on the buy side or sell side of an individual option, contracts executed on that side of the individual option will not be included in the Allowable Engagement Percentage and Net Offset calculations, and the counting program is reset to zero on that side of the individual option until it trades again ("Reset on Quote"). A Market Maker may determine to disengage or re-engage the Reset on Quote functionality for an option class by notifying the Exchange in a manner required by the Exchange and communicated to Members by Regulatory Circular. If the Reset on Quote functionality is disengaged, the System will not reset the counting program to zero upon receipt of a revised quotation.

> (2) - (3) No change.

(c) - (d)

Interpretations and Policies:

.01 No change.