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

File No.* SR - 2016 - * 10
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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

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 MIAX Aggregate Risk Manager

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.

Date 04/29/2016

By Richard S. Rudolph

(Name *)

(Title *)

Vice President and Senior Counsel

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.

rrudolph@miami-holdings.com

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 Exchange Rule 612, Aggregate Risk Manager ("ARM").

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 10, 2015. 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.

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 modify the minimum Allowable Engagement Percentage (as described below) determined by Exchange Market Makers, and to codify the Exchange's existing practice of

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

2 17 CFR 240.19b-4.

establishing default ARM settings, as described below. The Exchange is also proposing two minor technical amendments to Rule 612(a), as described below.

ARM protects MIAX Market Makers[3] and assists them in managing risk 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" or "AEP") and the specified time period for each option class in which they are appointed.[4] 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 AEP during the specified time period. When an execution against a Market Maker's Standard quote[5] or Day eQuote (as 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 Aggregate Risk Manager then automatically cancels and removes the Market Maker's Standard quotes and/or Day eQuotes from the Exchange's disseminated quotation in all series of that particular option class until the

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3 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.

4 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.

5 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).

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[6] other than Day eQuotes[7] present in the market are not cancelled by the Aggregate Risk Manager.

Currently, Exchange Rule 612(a) states that the Market Maker will establish for each option class an AEP that cannot be less than 100%.

First, the proposed amendments to Rule 612(a) would modify the existing rule to allow a Market Maker to establish an AEP at any percentage level for an option class in which such Market Maker is appointed. The Exchange believes that this change will give Market Makers the ability to better manage their risk and help them avoid trading a number of contracts that exceeds the Market Maker's risk tolerance level across multiple series when multiple series are executed in rapid succession.[8]

The purpose of the proposed rule change is to enable individual Market Makers to enhance their risk management for an individual option class or for multiple classes as market

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6 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).

7 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).

8 All of a Market Maker's quotes in each option class will be considered firm until such time as the AEP 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. Any marketable orders, or quotes that are executable against a Market Maker's disseminated quotation that are received prior to the time the Aggregate Risk Manager is engaged will be automatically executed at the disseminated price up to the Market Maker's disseminated size, regardless of whether such an execution results in executions in excess of the Market Maker's AEP. See Exchange Rule 612(c).

conditions warrant, based on their own risk tolerance level and quoting behavior. Market Makers will be able to more precisely customize their risk management within the MIAX System than previously permitted, taking into account such factors as the market conditions both present and anticipated, news that may affect an option class in which they are appointed, a sudden change in the volatility of an option, and other considerations affecting their risk management, without any limitation as to the level of the AEP that will trigger the Aggregate Risk Manager. The proposed rule change will provide greater ability for Market Makers to adapt more exact and precise risk controls based on the Market Maker's risk tolerance levels.

Additionally, the Exchange proposes to amend Exchange Rule 612 to codify the Exchange's existing practice of establishing a default specified time period and a default AEP if such values are not established by a Market Maker. Currently, Exchange Rule 612(a) states that the specified time period cannot exceed 15 seconds. The proposed rule change would provide that the 15-second maximum will apply whether the specified time period is established by the Market Maker or as a default setting.

The proposed rule change codifies that the Exchange will establish a default specified time period and a default AEP ("default settings") on behalf of Market Makers that have not established a specified time period and/or an AEP. The purpose of the default settings is to assist Market Makers in managing their risk in the event that they have not established a specified time period and/or an AEP in a particular appointed option and trading in such appointed option becomes active. For example, a Market Maker might not establish a specified time period or an AEP in an appointed option that has a relatively low average daily volume. If such an appointed option becomes extremely active due to news, world events or overall market changes, the default settings are in place to ensure that the Market Maker's quotations are protected and removed from the Exchange's disseminated quotation when the default setting threshold has been reached. The default settings benefit not only the Market Maker but the marketplace as a whole by enhancing stability and maintaining fair and orderly markets on MIAX when the settings are not established by the Market Maker, and ensure that all Exchange Market Makers are protected by ARM regardless of whether they establish ARM settings on their own. The default settings will be determined by the Exchange on an Exchange-wide basis and announced to Members via Regulatory Circular. The proposed rule change will serve to notify all market participants that the Exchange will establish the default settings for Market Makers and will apply them to all appointed option classes in which a Market Maker has not determined its specified time period or AEP. Any changes to the default settings will also be announced to Members via Regulatory Circular.

The current rule states that the specified time period cannot exceed 15 seconds. This 15-second limitation will apply to the specified time period whether it is established by a Market Maker or set by the Exchange by default; thus the proposed rule change would clarify in the rule text that the specified time period cannot exceed 15 seconds, whether established by the Market Maker or as a default setting. Additionally, although the proposed rule states that the default AEP shall not be less than 100%, this Exchange-established default AEP setting will not limit a Market Maker's ability to establish an AEP of less than or greater than 100%. A Market Maker may establish the AEP for an appointed option class at any level. The Exchange will apply the default settings when a specified time period and/or an AEP has not been established by a Market Maker appointed in an option class. The current default specified time period setting is 1 second. The current default AEP setting is 105%. The Exchange does not propose to change the current default settings in the instant proposed rule change.

The Exchange is proposing two minor technical changes to Exchange Rule 612(a). First, the Rule currently refers to a Market Maker's "assigned" option classes. In order to maintain uniformity within Rule 612, the Exchange proposes to replace the word "assigned" with the word "appointed," as it is used later in the Rule.[9] Additionally, the current Rule states that "[T]he Market Maker will also establish for each option class an Allowable Engagement Percentage..." Because of the new codification of the default AEP setting established by the Exchange on behalf of a Market Maker that has not established an AEP in a given appointed class, the Exchange proposes to state that a Market Maker "may" establish an AEP, with the understanding that an AEP will be established by the Exchange on the Market Maker's behalf if not set by the Market Maker.

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[10] in general, and furthers the objectives of Section 6(b)(5) of the Act[11] 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,

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9 See Exchange Rule 612, Interpretations and Policies .02(a).

10 15 U.S.C. 78f(b).

11 15 U.S.C. 78f(b)(5).

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.

Market Makers 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,[12] rendering them vulnerable to 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 ability of each Market Maker to adapt their specified time period and AEP to current market conditions is a valuable tool in assisting Market Makers in risk management. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Market Makers the means to establish an AEP that corresponds to their ability to assume the risks inherent in quoting in a marketplace in which executions are instant and quotations must be changed rapidly to account for volatility. This protects investors and the public interest by ensuring that liquidity providers such as Exchange Market Makers are able to quote aggressively within their risk tolerance levels with respect to both price and size, resulting in narrower bid/ask differentials and deeper liquidity on the Exchange, all to the benefit and protection of investors and the public interest.

The proposed default settings further protect investors and the public interest by enhancing the risk management features provided by the Exchange on behalf of Market Makers that have not established a specified time period and/or AEP. The default settings provide Market Makers with risk management tools implemented by the Exchange in the event that a

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

Market Maker has not determined the duration of the specified time period or the AEP for an option class in which the Market Maker is appointed.

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 more precisely tailor their AEP to the market conditions present. 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.

Significantly, the proposed rule change removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest because it codifies and enhances certain features of a risk management tool that is currently available to MIAX Market Makers. The elimination of the minimum AEP threshold requirement simply provides more alternatives to Market Makers in setting their AEP, on a class-by-class basis, without affecting their firm quote obligations. A Market Maker may set its AEP at any level (whether greater than, equal to, or less than 100%) in an appointed option, depending on that Market Maker's evaluation of its own risk tolerance level for that appointed option. The default settings serve to further enhance Market Makers' confidence in the Exchange's ability to assist them in their management of risk, and Market Makers are therefore likely to quote more aggressively in price and size, resulting in potentially narrower bid/ask differentials and deeper liquidity on the Exchange, serving to benefit and protect investors and the public interest.

The proposed rule change also promotes just and equitable principles of trade by codifying the Exchange's current practice of establishing the default settings, thus providing Exchange Market Makers with additional protection in risk management mechanisms on the Exchange. The default settings are proposed 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 and by codifying the Exchange's existing practices concerning default ARM settings.

The Exchange further notes that its proposal regarding minimum and default settings is consistent with rules that are currently in place on other exchanges.

For example, the International Securities Exchange LLC ("ISE") does not impose any minimum AEP or specified time period equivalent on its market makers, but the requirement for ISE market makers to provide these parameters is mandatory. ISE Rule 804(g) requires its market makers to provide parameters by which the Exchange will automatically remove a market maker's quotations. ISE Rule 804(g) differs from the instant proposed rule change in that it has no default percentage or time period settings if not established by the ISE market maker.

BATS BZX Exchange, Inc. ("BATS BZX") Rule 21.16, Risk Monitor Mechanism, states that a single BATS user may configure a single counting program or multiple counting programs to govern its trading activity (i.e., on a per port basis). Just as with ARM, the BATS Risk Monitor Mechanism is based in part on a percentage based trigger (similar to the AEP), measured against the number of contracts executed as a percentage of the number of contracts outstanding within a time period designated by the Exchange ("percentage trigger"). The percentage trigger is calculated similarly to the AEP: the BATS counting program first calculates, for each series of an option class, the percentage of a User's order size in the specified class or a BATS market maker's quote size in the appointed class that is executed on each side of the market, including both displayed and non-displayed size; the counting program then sums the overall series percentages for the entire option class to calculate the percentage trigger. Like the MIAX proposal, BATS BZX Rule 21.16 has no minimum AEP equivalent or minimum specified time period. Unlike the MIAX proposal, BATS BZX does not establish default settings on behalf of its market makers. [13]

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 AEP threshold has been equaled or exceeded and the Market Maker's quotes are removed by the Aggregate Risk Manager in all series of that option class.[15]

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

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13 Chicago Board Options Exchange, Inc. ("CBOE") market makers may (but are not required to) establish parameters similar to the specified time period (the CBOE equivalent is a rolling time period in milliseconds) and the AEP. CBOE has no default settings. See CBOE Rule 8.18.

14 17 CFR 242.602.

15 See Exchange Rule 612(c).

customize their use of the Exchange's risk management tools in order to compete for executions and order flow.

As to inter-market competition, the Exchange believes that the proposed rule change should promote competition because it is designed to allow Exchange Market Makers with flexibility to modify their risk exposure in order to protect them from unusual market conditions or events that may increase their 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.

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

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

The proposed rule change is similar to rules that are currently operative on other exchanges, as described below, and the Exchange does not believe it raises any novel or unique regulatory or substantive issues.

The proposed rule change simply enhances the existing ARM risk management tool by allowing Exchange Market Makers more precision in their risk control settings according to market conditions present. It is indeed non-controversial because all participants in the MIAX marketplace, and the marketplace as a whole, will benefit from more aggressive quoting, narrower spreads and increased depth and liquidity in the Exchange's disseminated markets. Market Makers are firm on their quotations regardless of the minimum AEP established in the proposed rule.[18] Further, respecting the default settings, the proposed rule change codifies existing practices of the Exchange. It raises no new regulatory issues.

As stated above, a Market Maker may set its AEP at any level (whether greater than, equal to, or less than 100%) in an appointed option class, depending on that Market Maker's evaluation of its own risk tolerance level for each of the Market Maker's appointed option classes. This is not controversial because all market participants will benefit from the enhanced risk management precision offered under the proposed rule change by way of more aggressive quoting by MIAX Market Makers. Likewise, the existing default settings serve to further enhance Market Makers' confidence in the Exchange's ability to assist them in their management of risk, and Market Makers are therefore likely to quote more aggressively in price and size, resulting in potentially narrower bid/ask differentials and deeper liquidity on the Exchange, serving to benefit and protect investors and the public interest.

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[18] See supra note 15.

The rules of the other exchanges cited below, while not precisely identical to the proposed rule change, are substantially similar in that they address the removal of a market maker's quotations from an exchange's disseminated quotation when the market maker's risk tolerance level is exceeded. This risk management mechanism is not novel and, with certain nuances as described below, is a universal tool used by options exchanges in assisting options market makers in managing their risk.

Accordingly, for the reasons stated above the Exchange believes that the proposed rule change is non-controversial and is therefore 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 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.

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

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

The proposed rule change is based in part on NASDAQ OMX PHLXC LLC ("PHLX") Rule 1095(i), NASDAQ Options Market ("NOM") Rule Chapter VII, Section (6)(f)(i), and BX Options ("BX") Rule Chapter VII, Section (6)(f)(i). The proposed rule change is similar in that each of these rules states that a market maker on these exchanges may establish a specified time period and an AEP. The proposed rule change differs in that it will not require a minimum Market Maker-established AEP, whereas the rules cited require a minimum AEP of 100% established by the market maker. Each of these rules, and MIAX Rule 612(a), also limits the specified time period established by the market maker on the exchange to 15 seconds. The proposed rule change differs from these rules in that it includes default settings, whereas the other exchanges' rules cited above do not have default settings; there is, however, a requirement on these other exchanges that a market maker must utilize either the "Percentage-Based Threshold" or the "Volume-Based Threshold."[20]

Similarly, the International Securities Exchange LLC ("ISE") does not impose any minimum AEP or specified time period equivalent on its market makers, but the requirement for ISE market makers to provide these parameters is mandatory. ISE Rule 804(g) requires its market makers to provide parameters by which the Exchange will automatically remove a market maker's quotations. ISE Rule 804(g) differs from the instant proposed rule change in that it has no default percentage or time period settings if not established by the ISE market maker. As stated above, CBOE also has a similar rule.[21]

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20 See PHLX Rule 1095(viii), NOM Rule Chapter VII, Section (6)(f)(vii), and BX Rule Chapter VII, Section (6)(f)(vii).

21 See supra note 13.

BATS BZX Exchange, Inc. ("BATS BZX") Rule 21.16, Risk Monitor Mechanism, states that a single BATS user may configure a single counting program or multiple counting programs to govern its trading activity (i.e., on a per port basis). Just as with ARM, the BATS Risk Monitor Mechanism is based in part on a percentage based trigger (similar to the AEP), measured against the number of contracts executed as a percentage of the number of contracts outstanding within a time period designated by the Exchange ("percentage trigger"). The percentage trigger is calculated similarly to the AEP: the BATS counting program first calculates, for each series of an option class, the percentage of a User's order size in the specified class or a BATS market maker's quote size in the appointed class that is executed on each side of the market, including both displayed and non-displayed size; the counting program then sums the overall series percentages for the entire option class to calculate the percentage trigger. Like the MIAX proposal, BATS BZX Rule 21.16 has no minimum AEP equivalent or minimum specified time period. Unlike the MIAX proposal, BATS BZX does not establish default settings on behalf of its market makers.

In another similar but not identical rule, NYSE MKT Rule 928NY permits market makers on that exchange to establish an AEP within a specified time period established by the Exchange. There is no requirement to set such parameters, and unlike the proposed MIAX rule there are no default settings in the NYSE MKT rule. Instead, if a market maker on that exchange does not establish its AEP, the NYSE MKT Risk Limitation Mechanism is not engaged for that market maker.

NYSE Arca Rule 6.40, Commentary .03 states that NYSE Arca specifies, via Trader Update, any applicable minimum, maximum and/or default settings for the Risk Limitation Mechanisms provided under NYSE Arca Rule 6.40. Among other things, NYSE Arca shall not specify a minimum setting of less than 100 or a maximum setting of more than 2,000 for the Percentage-Based Risk Limitation Mechanism.[22] NYSE Arca also establishes and specifies via Trader Update any applicable time period(s) for the Risk Limitation Mechanisms provided under its Rule 6.40; provided, however, that the Exchange shall not specify a time period of less than 100 milliseconds. This differs from the MIAX proposed rule change in that the MIAX proposal does not establish a minimum or maximum AEP setting for Market Makers and has no minimum specified time period. Current Exchange Rule 612(a) includes a maximum specified time period of 15 seconds. Unlike the Exchange's proposal, NYSE Arca does not establish default settings on behalf of its market makers, but does require in Commentary .04 to Rule 6.40 that one of the three Risk Limitation Mechanisms listed in the Rule must be activated for all market maker quotes. The settings established by the NYSE Arca market maker remain active unless and until the market maker deactivates the Risk Limitation Mechanism or changes the settings. Under the MIAX proposal, a Market Maker does not have the ability to deactivate the settings; if a Market Maker has not established settings in an appointed option, the Exchange will apply the default settings.

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

Not applicable.

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

Not applicable.

11. <u>Exhibits</u>

1. Notice of proposed rule for publication in the <u>Federal Register</u>.

5. Text of proposed rule change.

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22 <u>See</u> NYSE Arca Rule 6.40, Commentary .03(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2016-10)

April__, 2016

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, Aggregate Risk Manager ("ARM")

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 April 29, 2016, 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, Aggregate Risk Manager ("ARM").

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 Exchange Rule 612, Aggregate Risk Manager ("ARM"), to modify the minimum Allowable Engagement Percentage (as described below) determined by Exchange Market Makers, and to codify the Exchange's existing practice of establishing default ARM settings, as described below. The Exchange is also proposing two minor technical amendments to Rule 612(a), as described below.

ARM protects MIAX Market Makers[3] and assists them in managing risk 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" or "AEP") and the specified time period for each option class in which they are appointed.[4] 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 AEP during the specified time period. When

3 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.

4 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.

an execution against a Market Maker's Standard quote[5] or Day eQuote (as 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 Aggregate Risk Manager then automatically cancels and removes the Market Maker's Standard quotes and/or Day eQuotes 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[6] other than Day eQuotes[7] present in the market are not cancelled by the Aggregate Risk Manager.

Currently, Exchange Rule 612(a) states that the Market Maker will establish for each option class an AEP that cannot be less than 100%.

First, the proposed amendments to Rule 612(a) would modify the existing rule to allow a Market Maker to establish an AEP at any percentage level for an option class in which such Market Maker is appointed. The Exchange believes that this change will give Market Makers the ability to better manage their risk and help them avoid trading a number of contracts that exceeds the Market Maker's risk tolerance level across multiple series when multiple series are executed in rapid succession.[8]

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5 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).

6 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).

7 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).

8 All of a Market Maker's quotes in each option class will be considered firm until such

The purpose of the proposed rule change is to enable individual Market Makers to enhance their risk management for an individual option class or for multiple classes as market conditions warrant, based on their own risk tolerance level and quoting behavior. Market Makers will be able to more precisely customize their risk management within the MIAX System than previously permitted, taking into account such factors as the market conditions both present and anticipated, news that may affect an option class in which they are appointed, a sudden change in the volatility of an option, and other considerations affecting their risk management, without any limitation as to the level of the AEP that will trigger the Aggregate Risk Manager. The proposed rule change will provide greater ability for Market Makers to adapt more exact and precise risk controls based on the Market Maker's risk tolerance levels.

Additionally, the Exchange proposes to amend Exchange Rule 612 to codify the Exchange's existing practice of establishing a default specified time period and a default AEP if such values are not established by a Market Maker. Currently, Exchange Rule 612(a) states that the specified time period cannot exceed 15 seconds. The proposed rule change would provide that the 15-second maximum will apply whether the specified time period is established by the Market Maker or as a default setting.

The proposed rule change codifies that the Exchange will establish a default specified time period and a default AEP ("default settings") on behalf of Market Makers that have not established a specified time period and/or an AEP. The purpose of the default settings is to assist Market Makers in managing their risk in the event that they have not established a specified time

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time as the AEP 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. Any marketable orders, or quotes that are executable against a Market Maker's disseminated quotation that are received prior to the time the Aggregate Risk Manager is engaged will be automatically executed at the disseminated price up to the Market Maker's disseminated size, regardless of whether such an execution results in executions in excess of the Market Maker's AEP. See Exchange Rule 612(c).

period and/or an AEP in a particular appointed option and trading in such appointed option becomes active. For example, a Market Maker might not establish a specified time period or an AEP in an appointed option that has a relatively low average daily volume. If such an appointed option becomes extremely active due to news, world events or overall market changes, the default settings are in place to ensure that the Market Maker's quotations are protected and removed from the Exchange's disseminated quotation when the default setting threshold has been reached. The default settings benefit not only the Market Maker but the marketplace as a whole by enhancing stability and maintaining fair and orderly markets on MIAX when the settings are not established by the Market Maker, and ensure that all Exchange Market Makers are protected by ARM regardless of whether they establish ARM settings on their own. The default settings will be determined by the Exchange on an Exchange-wide basis and announced to Members via Regulatory Circular. The proposed rule change will serve to notify all market participants that the Exchange will establish the default settings for Market Makers and will apply them to all appointed option classes in which a Market Maker has not determined its specified time period or AEP. Any changes to the default settings will also be announced to Members via Regulatory Circular.

The current rule states that the specified time period cannot exceed 15 seconds. This 15-second limitation will apply to the specified time period whether it is established by a Market Maker or set by the Exchange by default; thus the proposed rule change would clarify in the rule text that the specified time period cannot exceed 15 seconds, whether established by the Market Maker or as a default setting. Additionally, although the proposed rule states that the default AEP shall not be less than 100%, this Exchange-established default AEP setting will not limit a Market Maker's ability to establish an AEP of less than or greater than 100%. A Market Maker may establish the AEP for an appointed option class at any level. The Exchange will apply the default settings when a specified time period and/or an AEP has not been established by a Market Maker appointed in an option class. The current default specified time period setting is 1 second. The current default AEP setting is 105%. The Exchange does not propose to change the current default settings in the instant proposed rule change.

The Exchange is proposing two minor technical changes to Exchange Rule 612(a). First, the Rule currently refers to a Market Maker's "assigned" option classes. In order to maintain uniformity within Rule 612, the Exchange proposes to replace the word "assigned" with the word "appointed," as it is used later in the Rule.[9] Additionally, the current Rule states that "[T]he Market Maker will also establish for each option class an Allowable Engagement Percentage..." Because of the new codification of the default AEP setting established by the Exchange on behalf of a Market Maker that has not established an AEP in a given appointed class, the Exchange proposes to state that a Market Maker "may" establish an AEP, with the understanding that an AEP will be established by the Exchange on the Market Maker's behalf if not set by the Market Maker.

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.

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9 See Exchange Rule 612, Interpretations and Policies .02(a).

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act[10] in general, and furthers the objectives of Section 6(b)(5) of the Act[11] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

Market Makers 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,[12] rendering them vulnerable to 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 ability of each Market Maker to adapt their specified time period and AEP to current market conditions is a valuable tool in assisting Market Makers in risk management. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by giving Market Makers the means to establish an AEP that corresponds to their ability to assume the risks inherent in quoting in a marketplace in which executions are instant and quotations must be changed rapidly to account for volatility. This protects investors and the public interest by ensuring that liquidity providers such as Exchange Market Makers are able to quote aggressively within their risk tolerance levels with respect to both price and size, resulting

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[10] 15 U.S.C. 78f(b).

[11] 15 U.S.C. 78f(b)(5).

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

in narrower bid/ask differentials and deeper liquidity on the Exchange, all to the benefit and protection of investors and the public interest.

The proposed default settings further protect investors and the public interest by enhancing the risk management features provided by the Exchange on behalf of Market Makers that have not established a specified time period and/or AEP. The default settings provide Market Makers with risk management tools implemented by the Exchange in the event that a Market Maker has not determined the duration of the specified time period or the AEP for an option class in which the Market Maker is appointed.

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 more precisely tailor their AEP to the market conditions present. 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.

Significantly, the proposed rule change removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest because it codifies and enhances certain features of a risk management tool that is currently available to MIAX Market Makers. The elimination of the minimum AEP threshold requirement simply provides more alternatives to Market Makers in setting their AEP, on a class-by-class basis, without affecting their firm quote obligations. A

Market Maker may set its AEP at any level (whether greater than, equal to, or less than 100%) in an appointed option, depending on that Market Maker's evaluation of its own risk tolerance level for that appointed option. The default settings serve to further enhance Market Makers' confidence in the Exchange's ability to assist them in their management of risk, and Market Makers are therefore likely to quote more aggressively in price and size, resulting in potentially narrower bid/ask differentials and deeper liquidity on the Exchange, serving to benefit and protect investors and the public interest.

The proposed rule change also promotes just and equitable principles of trade by codifying the Exchange's current practice of establishing the default settings, thus providing Exchange Market Makers with additional protection in risk management mechanisms on the Exchange. The default settings are proposed 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 and by codifying the Exchange's existing practices concerning default ARM settings.

The Exchange further notes that its proposal regarding minimum and default settings is consistent with rules that are currently in place on other exchanges.

For example, the International Securities Exchange LLC ("ISE") does not impose any minimum AEP or specified time period equivalent on its market makers, but the requirement for ISE market makers to provide these parameters is mandatory. ISE Rule 804(g) requires its market makers to provide parameters by which the Exchange will automatically remove a market maker's quotations. ISE Rule 804(g) differs from the instant proposed rule change in that it has no default percentage or time period settings if not established by the ISE market maker.

BATS BZX Exchange, Inc. ("BATS BZX") Rule 21.16, Risk Monitor Mechanism, states that a single BATS user may configure a single counting program or multiple counting programs to govern its trading activity (i.e., on a per port basis). Just as with ARM, the BATS Risk Monitor Mechanism is based in part on a percentage based trigger (similar to the AEP), measured against the number of contracts executed as a percentage of the number of contracts outstanding within a time period designated by the Exchange ("percentage trigger"). The percentage trigger is calculated similarly to the AEP: the BATS counting program first calculates, for each series of an option class, the percentage of a User's order size in the specified class or a BATS market maker's quote size in the appointed class that is executed on each side of the market, including both displayed and non-displayed size; the counting program then sums the overall series percentages for the entire option class to calculate the percentage trigger. Like the MIAX proposal, BATS BZX Rule 21.16 has no minimum AEP equivalent or minimum specified time period. Unlike the MIAX proposal, BATS BZX does not establish default settings on behalf of its market makers. [13]

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 AEP threshold has been equaled or exceeded and the Market Maker's quotes are removed by the Aggregate Risk Manager in all series of that option class.[15]

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13 Chicago Board Options Exchange, Inc. ("CBOE") market makers may (but are not required to) establish parameters similar to the specified time period (the CBOE equivalent is a rolling time period in milliseconds) and the AEP. CBOE has no default settings. See CBOE Rule 8.18.

14 17 CFR 242.602.

15 See Exchange Rule 612(c).

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 customize their use of the Exchange's risk management tools in order to compete for executions and order flow.

As to inter-market competition, the Exchange believes that the proposed rule change should promote competition because it is designed to allow Exchange Market Makers with flexibility to modify their risk exposure in order to protect them from unusual market conditions or events that may increase their 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.

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-2016-10 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.

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

All submissions should refer to File Number SR-MIAX-2016-10. 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-2016-10 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) The MIAX System will maintain a counting program ("counting program") for each Market Maker who is required to submit continuous two-sided quotations pursuant to Rule 604 in each of their [assigned] appointed option classes. The counting program will count the number of contracts traded by a Market Maker in an [assigned] appointed option class within a specified time period that has been established by the Market Maker (the "specified time period"). The specified time period cannot exceed 15 seconds, whether established by the Market Maker or as a default setting, as defined below. The Market Maker [will] may also establish for each option class an Allowable Engagement Percentage [that cannot be less than 100%]. The Exchange will establish a default specified time period and a default Allowable Engagement Percentage ("default settings") on behalf of a Market Maker that has not established a specified time period and/or an Allowable Engagement Percentage. The default Allowable Engagement Percentage shall not be less than 100%. The default settings will be determined by the Exchange on an Exchange-wide basis and announced to Members via Regulatory Circular. When an execution of a Market Maker's Standard quote or Day eQuote occurs, the System will look back over the specified time period to determine whether the execution triggers the Aggregate Risk Manager.

(b) – (d) No change.

Interpretations and Policies:

No change.

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