

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78023; File No. SR-MIAX-2016-14)

June 8, 2016

Self-Regulatory Organizations; Miami International Securities Exchange LLC ; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Exchange Rule 519C, Mass Cancellation of Trading Interest

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 May 27, 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 the Substance of the Proposed Rule Change

The Exchange is filing a proposal to adopt Exchange Rule 519C, Mass Cancellation of Trading Interest.

The text of the proposed rule change is available on the Exchange’s website at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX’s principal office, and at the Commission’s Public Reference Room.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 adopt new Rule 519C, Mass Cancellation of Trading Interest, to codify the Exchange’s current practice of cancelling quotes and/or orders upon the receipt of a verbal or an electronic request from a Member.³

Proposed Rule 519C would codify the current process by which Members may call or send an electronic message to the Exchange’s designated staff and to direct them to cancel all quotations and/or orders they have in the System.⁴ All of the directing Member’s quotations then in the System will be cancelled; a Member may submit a request to cancel all or any subset of its orders in the System.

Currently, Exchange Members may cancel all quotations and/or open orders in the System electronically or, in the alternative, may request Exchange staff to do so verbally by phone or via electronic message. The proposed rule would codify the current process of requesting cancellations verbally or via electronic message. Specifically, proposed Rule 519C states that a Member may cancel all of its quotations and/or orders in the System by requesting the Exchange staff to effect such cancellations. The form of such a request includes but is not limited to email or a phone call from authorized individuals. The cancellation of quotes and orders as described herein does not disconnect Members from the Exchange’s System.

³ The term “Member” means an individual or organization approved to exercise trading rights associated with a Trading Permit. Members are deemed “members” under the Act. See Exchange Rule 100.

⁴ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

The purpose of the proposed rule change is to codify this current practice in the Exchange's rules. The Exchange has a number of other rules covering related risk management processes available to Members⁵ and it believes that this clarification will enhance transparency in the Exchange's rules.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act⁷ 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.

The proposed rule codifies existing risk protections that are currently available to Members and provides that the Exchange may take action on their behalf. The proposed rule protects investors and the public interest by clarifying, in the Exchange's rules, the risk protection tools and other mechanisms and processes available on the Exchange. The Exchange notes that similar rules are currently operative on other exchanges.⁸

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

⁵ See, e.g., Exchange Rules 519, MIAX Order Monitor, and 612, Aggregate Risk Manager (ARM).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ See BATS BZX Exchange, Inc. ("BZX") Rule 22.11, NASDAQ Options Market ("NOM") Rules, Chapter VII, Section 11, and NASDAQ BX, Inc. ("BX") Rules, Chapter VII, Section 11.

Rule 602.⁹ Specifically, any interest that is executable against a Member's quotes and orders that is received by the Exchange prior to the time the cancellation is received by the System will automatically execute at the price up to the Member's size. Market Makers that request a mass cancellation of their trading interest will not be relieved of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day. Cancel messages entered into the System by Exchange staff are accepted upon receipt by the System, and will be processed in that order such that cancel messages and other interest already accepted into the System will be processed prior to the receipt by the System of the mass cancel message.

The codification of the existing process of requesting the removal of quotes and orders is 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 Exchange Members.

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.

The Exchange believes the proposed rule change will not impose any burden on intra-market competition because every Member of the Exchange has the opportunity to benefit from the procedure described in the proposed rule. The proposed rule is meant to provide all Members with the same protection in the event the Member is experiencing an issue that would

⁹ 17 CFR 242.602.

require the Member to withdraw its quotes and/or orders from the market in order to ensure a fair and orderly market on the Exchange.

The Exchange believes the proposed rule change will not impose any burden on inter-market competition because the process of cancellation of quotations and orders on the Exchange is substantially similar to processes currently operative on other exchanges.¹⁰

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.

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 Act¹¹ and Rule 19b-4(f)(6)¹² 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

¹⁰ See supra note 8.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 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.

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-2016-14 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2016-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal 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-2016-14, 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.¹³

Robert W. Errett
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).