

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 19

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

File No.\* SR - 2016 - \* 24

Amendment No. 1 of "or 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)(4)  
 19b-4(f)(2)  19b-4(f)(5)  
 19b-4(f)(3)  19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

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

Section 806(e)(1) \*

Section 806(e)(2) \*

Section 3C(b)(2) \*

Foreign Issuer or Foreign Issuer's Representative

Exchange Act Section 19(b)(4) Filing Document

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Amend Rule 517

**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 \* Gregory

Last Name \* Ziegler

Title \* Associate Counsel

E-mail \* gziegler@miaxoptions.com

Telephone \* (609) 897-1483

Fax **Signature**

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

I, \_\_\_\_\_, have duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 08/04/2016

Associate Counsel

By Gregory P. Ziegler

(Name \*)

gziegler@miami-holdings.com

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 EFFF website.

**Form 19b-4 Information \***

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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 \***

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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 \***

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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**

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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**

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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**

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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**

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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**

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Exchange Rule 517, Quote Types Defined, to adopt new Interpretations and Policies .01 and to make a non-substantive technical correction to the Rule.

A 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 Gregory P. Ziegler, Associate Counsel at (609) 897-1483.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 517, Quote Types Defined, to adopt new Interpretations and Policies .01 to clarify that to be considered a priority quote (as described below), a quote for a long-term option contract<sup>3</sup> must meet the priority quote requirements established in Rule 517(b). The Exchange also proposes to make a non-substantive technical correction to section 517(b)(1)(ii) to correct a typographical error in the Rule.

For trade allocation purposes, quotes will be considered either priority quotes and trade allocation will be in accordance with Rule 514(e)(1),<sup>4</sup> or non-priority quotes and trade allocation will be in accordance with Rule 514(e)(2),<sup>5</sup> based upon a Market Maker's quote width at certain times.<sup>6</sup>

MIAX Rule 517(b), Quote Priority, describes the requirements for quotes on the Exchange to be considered priority quotes for allocation purposes. Specifically, MIAX Rule 517(b)(1)(i) establishes the standards which must be met to establish a quote as a priority quote at the time of execution. First, the bid/ask differential of a Market Maker's two-sided quote pair

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<sup>3</sup> The Exchange may list long-term option contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed. See Exchange Rule 406.

<sup>4</sup> After all Priority Customer Orders (if any) at the NBBO have been filled, executions at that price will be first allocated to other remaining Market Maker priority quotes, which have not received a participation entitlement, and have precedence over Professional Interest. See Exchange Rule 514(e)(1).

<sup>5</sup> If after all Market Maker priority quotes have been filled in accordance with Rule 514(e)(1) and there remains interest at the NBBO, executions will be allocated to all Professional Interest at that price. Professional Interest is defined in Rule 100 and includes among other interest, Market Maker non-priority quotes (as described in Rule 517(b)(1)(iii)) and Market Maker orders in both assigned and non-assigned classes. See Exchange Rule 514(e)(2).

<sup>6</sup> See Exchange Rule 517(b)(1).

must be valid width (no wider than the bid/ask differentials outlined in Rule 603(b)(4)).<sup>7</sup> Second, the initial size of both the Market Maker's bid and the offer must be in compliance with the requirements of Rule 604(b)(2).<sup>8</sup> Third, the bid/ask differential of a Market Maker's two-sided quote pair must meet the priority quote width requirements as defined by rule<sup>9</sup> for each option. Fourth, at the time a locking or crossing quote or order enters the System,<sup>10</sup> the Market Maker's two-sided quote pair must be valid width for that option and must have been resting on the Book or,<sup>11</sup> immediately prior to the time the Market Maker enters a new quote that locks or crosses the MBBO,<sup>12</sup> the Market Maker must have had a valid width quote already existing (i.e., exclusive of the Market Maker's new marketable quote or update) among his two-sided quotes for that option.<sup>13</sup>

The Exchange notes that strike price interval, bid/ask differential and continuous quoting requirements do not apply to long-term options series until the time to expiration is less than nine

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<sup>7</sup> A Market Maker is expected to price option contracts fairly by, among other things, bidding and offering so as to create differences of no more than \$5 between the bid and offer ("bid/ask differentials") following the opening rotation in an equity option contract. See Exchange Rule 603(b)(4).

<sup>8</sup> The initial size of a Market Maker incoming Standard Quote, Day eQuote and all other types of eQuotes must be for the minimum number of contracts, which minimum number shall be at least one (1) contract. The minimum number of contracts will be determined by the Exchange on a class-by-class basis and announced to the Members through a Regulatory Circular. See Exchange Rule 604(b)(2).

<sup>9</sup> The priority quote width standard established by the Exchange can have bid/ask differentials as narrow as one MPV, as wide but never wider than the bid/ask differentials outlined in Rule 603(b)(4), or somewhere in between. See Exchange Rule 517(b)(1)(ii).

<sup>10</sup> The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>11</sup> See Exchange Rule 517(b)(1)(i)(D)(1).

<sup>12</sup> The term "MBBO" means the bid or offer on the Exchange. See Exchange Rule 100.

<sup>13</sup> See Exchange Rule 517(b)(1)(i)(D)(2).

(9) months.<sup>14</sup> Notwithstanding these exceptions, any quote (including a quote in a long term option) must comply with Rule 517(b) to be considered a priority quote. Accordingly, the Exchange proposes to adopt Interpretations and Policies .01 to Rule 517 which will expressly state that a quote on a long-term option contract must satisfy the requirements outlined in Rule 517(b) to be considered a priority quote on the Exchange. The Exchange believes that adding proposed Interpretations and Policies .01 will clarify the requirements for establishing priority quotes for long-term option contracts on the Exchange. Further, the Exchange believes that providing additional information on how priority quotes are established for options with a time to expiration greater than nine (9) months will provide additional clarity of Exchange rules regarding priority quotes and allocations.

The Exchange is also proposing to make a technical amendment to current Exchange Rule 517(b)(ii) by deleting the repetitive words “than the” from the Rule, which are stated twice consecutively.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>15</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>16</sup> 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.

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<sup>14</sup> See Exchange Rule 406.

<sup>15</sup> 15 U.S.C. 78f(b).

<sup>16</sup> 15 U.S.C. 78f(b)(5).

The proposed rule change is designed to promote just and equitable principles of trade by clarifying the operation of Exchange rules to ensure that Market Makers have complete information as to how priority quotes are established on the Exchange. Further, the proposed rule change is designed 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, by providing enhanced guidance to Market Makers on establishing priority quotes on options with a time to expiration greater than nine (9) months. The Exchange believes that the priority quote status afforded to Market Makers quoting in long-term options should result in more liquidity and tighter spreads in these options. Clarity in the Exchange's rules regarding the establishment of priority quote status in long-term options benefits and protects the public interest by explicitly stating that Market Makers submitting quotes in long-term options can establish priority quote status by submitting such quotes with the required bid/ask differential. This should encourage more Market Makers to submit quotes on long-term options to the Exchange, and should thus result in better prices and increased liquidity in long-term options.

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

MIAX 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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to clarify the operation of existing Exchange rules.

**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<sup>17</sup> and Rule 19b-4(f)(6)<sup>18</sup> 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 believes that the proposal is “non-controversial” and raises no new regulatory issues. The proposed language serves to clarify the operation and interplay of existing Exchange rules. Therefore, the Exchange believes that the proposal is well-suited for, and meets the standards applicable to, the Commission’s treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act<sup>19</sup> and Rule 19b-4(f)(6) thereunder.<sup>20</sup>

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>21</sup> normally does not become operative for 30 days after the date

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

<sup>19</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> 17 CFR 240.19b-4(f)(6).

of its filing. However, Rule 19b-4(f)(6)<sup>22</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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 not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

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

Not applicable.

**11. Exhibits**

1. Notice of proposed rule for publication in the Federal Register.
5. Text of proposed changes to rule text.

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<sup>22</sup> 17 CFR 240.19b-4(f)(6).

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-MIAX-2016-24)

August \_\_, 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 517

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 4, 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 517, Quote Types Defined, to adopt new Interpretations and Policies .01 and to make a non-substantive technical correction to the Rule. The text of the proposed rule change is available on the Exchange’s website at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](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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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 517, Quote Types Defined, to adopt new Interpretations and Policies .01 to clarify that to be considered a priority quote (as described below), a quote for a long-term option contract<sup>3</sup> must meet the priority quote requirements established in Rule 517(b). The Exchange also proposes to make a non-substantive technical correction to section 517(b)(1)(ii) to correct a typographical error in the Rule.

For trade allocation purposes, quotes will be considered either priority quotes and trade allocation will be in accordance with Rule 514(e)(1),<sup>4</sup> or non-priority quotes and trade allocation will be in accordance with Rule 514(e)(2),<sup>5</sup> based upon a Market Maker's quote width at certain times.<sup>6</sup>

MIAX Rule 517(b), Quote Priority, describes the requirements for quotes on the Exchange to be considered priority quotes for allocation purposes. Specifically, MIAX Rule 517(b)(1)(i) establishes the standards which must be met to establish a quote as a priority quote

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<sup>3</sup> The Exchange may list long-term option contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed. See Exchange Rule 406.

<sup>4</sup> After all Priority Customer Orders (if any) at the NBBO have been filled, executions at that price will be first allocated to other remaining Market Maker priority quotes, which have not received a participation entitlement, and have precedence over Professional Interest. See Exchange Rule 514(e)(1).

<sup>5</sup> If after all Market Maker priority quotes have been filled in accordance with Rule 514(e)(1) and there remains interest at the NBBO, executions will be allocated to all Professional Interest at that price. Professional Interest is defined in Rule 100 and includes among other interest, Market Maker non-priority quotes (as described in Rule 517(b)(1)(iii)) and Market Maker orders in both assigned and non-assigned classes. See Exchange Rule 514(e)(2).

<sup>6</sup> See Exchange Rule 517(b)(1).

at the time of execution. First, the bid/ask differential of a Market Maker's two-sided quote pair must be valid width (no wider than the bid/ask differentials outlined in Rule 603(b)(4)).<sup>7</sup> Second, the initial size of both the Market Maker's bid and the offer must be in compliance with the requirements of Rule 604(b)(2).<sup>8</sup> Third, the bid/ask differential of a Market Maker's two-sided quote pair must meet the priority quote width requirements as defined by rule<sup>9</sup> for each option. Fourth, at the time a locking or crossing quote or order enters the System,<sup>10</sup> the Market Maker's two-sided quote pair must be valid width for that option and must have been resting on the Book or,<sup>11</sup> immediately prior to the time the Market Maker enters a new quote that locks or crosses the MBBO,<sup>12</sup> the Market Maker must have had a valid width quote already existing (i.e., exclusive of the Market Maker's new marketable quote or update) among his two-sided quotes for that option.<sup>13</sup>

The Exchange notes that strike price interval, bid/ask differential and continuous quoting requirements do not apply to long-term options series until the time to expiration is less than nine

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<sup>7</sup> A Market Maker is expected to price option contracts fairly by, among other things, bidding and offering so as to create differences of no more than \$5 between the bid and offer ("bid/ask differentials") following the opening rotation in an equity option contract. See Exchange Rule 603(b)(4).

<sup>8</sup> The initial size of a Market Maker incoming Standard Quote, Day eQuote and all other types of eQuotes must be for the minimum number of contracts, which minimum number shall be at least one (1) contract. The minimum number of contracts will be determined by the Exchange on a class-by-class basis and announced to the Members through a Regulatory Circular. See Exchange Rule 604(b)(2).

<sup>9</sup> The priority quote width standard established by the Exchange can have bid/ask differentials as narrow as one MPV, as wide but never wider than the bid/ask differentials outlined in Rule 603(b)(4), or somewhere in between. See Exchange Rule 517(b)(1)(ii).

<sup>10</sup> The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>11</sup> See Exchange Rule 517(b)(1)(i)(D)(1).

<sup>12</sup> The term "MBBO" means the bid or offer on the Exchange. See Exchange Rule 100.

<sup>13</sup> See Exchange Rule 517(b)(1)(i)(D)(2).

(9) months.<sup>14</sup> Notwithstanding these exceptions, any quote (including a quote in a long term option) must comply with Rule 517(b) to be considered a priority quote. Accordingly, the Exchange proposes to adopt Interpretations and Policies .01 to Rule 517 which will expressly state that a quote on a long-term option contract must satisfy the requirements outlined in Rule 517(b) to be considered a priority quote on the Exchange. The Exchange believes that adding proposed Interpretations and Policies .01 will clarify the requirements for establishing priority quotes for long-term option contracts on the Exchange. Further, the Exchange believes that providing additional information on how priority quotes are established for options with a time to expiration greater than nine (9) months will provide additional clarity of Exchange rules regarding priority quotes and allocations.

The Exchange is also proposing to make a technical amendment to current Exchange Rule 517(b)(ii) by deleting the repetitive words “than the” from the Rule, which are stated twice consecutively.

## 2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>15</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>16</sup> 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.

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<sup>14</sup> See Exchange Rule 406.

<sup>15</sup> 15 U.S.C. 78f(b).

<sup>16</sup> 15 U.S.C. 78f(b)(5).

The proposed rule change is designed to promote just and equitable principles of trade by clarifying the operation of Exchange rules to ensure that Market Makers have complete information as to how priority quotes are established on the Exchange. Further, the proposed rule change is designed 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, by providing enhanced guidance to Market Makers on establishing priority quotes on options with a time to expiration greater than nine (9) months. The Exchange believes that the priority quote status afforded to Market Makers quoting in long-term options should result in more liquidity and tighter spreads in these options. Clarity in the Exchange's rules regarding the establishment of priority quote status in long-term options benefits and protects the public interest by explicitly stating that Market Makers submitting quotes in long-term options can establish priority quote status by submitting such quotes with the required bid/ask differential. This should encourage more Market Makers to submit quotes on long-term options to the Exchange, and should thus result in better prices and increased liquidity in long-term options.

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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX participants equally. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to clarify the operation of existing Exchange rules.

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<sup>17</sup> and Rule 19b-4(f)(6)<sup>18</sup> 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

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 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.

- Send an e-mail [to rule-comments@sec.gov](mailto:to_rule-comments@sec.gov). Please include File Number SR-MIAX-2016-24 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-2016-24. 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-2016-24 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.<sup>19</sup>

Brent J. Fields  
Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New text is underlined;

Deleted text is in [brackets]

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC**

\*\*\*\*\*

**Rule 517. Quote Types Defined**

\*\*\*\*\*

(a) No change.

**(b) Quote Priority**

(1) For trade allocation purposes, quotes will be considered either priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which provides priority quotes with precedence over all Professional Interest) or non-priority quotes (i.e., trade allocation will be in accordance with Rule 514(e), which also provides non-priority quotes are considered together with all other Professional Interest) based upon a Market Maker's quote width at certain times as described below.

(i) No change.

(ii) **Priority Quote Width Standard.** The priority quote width standard will be established by the Exchange and filed with the Commission in accordance with Section 19 of the Exchange Act and Rule 19b-4 thereunder. The priority quote width standard established by the Exchange can have bid/ask differentials as narrow as one MPV, as wide but never wider than the [than the] bid/ask differentials outlined in Rule 603(b)(4), or somewhere in between. Notwithstanding the foregoing, until such time as the Exchange has submitted and received approval of a rule change establishing narrower bid/ask differentials, the priority quote width standard will be the bid/ask differentials outlined in Rule 603(b)(4).

(iii) No change.

(2) No change.

(c) – (d) No change.

**Interpretations and Policies:**

.01 To be considered a priority quote, a quote for a long-term option contract (as defined in Rule 406) must meet the priority quote requirements of Rule 517(b).

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