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

File No.* SR - 2016 - * 43

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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Rule

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 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 1934Section 806(e)(1) * Section 806(e)(2) * Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document

**Description**

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

Amend MIAX Rule 605 Market Maker Orders

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 * Joseph

Last Name * Ferraro

Title * Senior Vice President and Associate General Counsel

E-mail * jferraro@miami-holdings.com

Telephone * (609) 897-8492

Fax

Signature

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

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

(Title *)

Date 11/03/2016

Senior Vice President and Associate General Counsel

By Joseph Ferraro

(Name *)

jferraro@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 1 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”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 605 (Market Maker Orders).

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 5, 2012.

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 Joseph W. Ferraro, Senior Vice President and Associate General Counsel, (609) 897-8492.

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

a. Purpose

The purpose of the proposed rule change is to amend Exchange Rule 605 (Market Maker Orders) to (i) provide that a MIAX Market Maker³ may not enter good ‘til cancelled (“GTC”)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Maker” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers”, collectively. See Exchange Rule 100.

orders⁴ in option classes to which the MIAX Market Maker is not appointed, and (ii) add a comparable provision setting forth the types of orders that an Electronic Exchange Member (“EEM”)⁵ may enter for the proprietary account of a non-MIAX Market Maker.⁶

Rule 605 presently governs the submission of orders by MIAX Market Makers, differentiating between orders submitted in classes to which the Market Maker is appointed and orders submitted in classes to which the Market Maker is not appointed. Paragraph (a) governs option classes to which the Market Maker is appointed. Pursuant to paragraph (a), Market Makers may not enter market orders or GTC orders in their appointed classes. Paragraph (b) governs option classes other than those to which the Market Maker is appointed. Subparagraph (b)(1) provides that Market Makers may enter all types of orders that are permitted to be entered by Non-Customer⁷ participants under the Rules, except for market orders. Subparagraphs (b)(2) and (b)(3) place limitations on the overall percentage of executions that can occur in the non-appointed classes. Specifically, subparagraph (b)(2) limits a Registered Market Maker’s⁸ total

⁴ A Good ‘til Cancelled or “GTC” order is an order to buy or sell which remains in effect until it is either executed, cancelled or the underlying option expires. See Exchange Rule 516(l).

⁵ The term “Electronic Exchange Member” means the holder of a Trading permit who is not a Market Maker. Electronic Exchange members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁶ The term “non-MIAX Market Maker” means a market participant that is market maker registered as such on another options exchange. See Exchange Fee Schedule, Section 1)a)ii), Other Market Participant Fees, in the notes table.

⁷ The term “Non-Customer” means a person or entity that is a broker or dealer in securities. See Exchange Rule 100.

⁸ The term “Registered Market Maker” means 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 and is vested with the rights and responsibilities specified in Chapter VI of these Rules with respect to Registered Market Makers. See Exchange Rule 100.

number of contracts executed in non-appointed option classes to 25% of the Registered Market Maker's total number of contracts executed in its appointed option classes, and subparagraph (b)(3) limits a Lead Market Maker's⁹ total number of contracts executed in non-appointed option classes to 10% of the Lead Market Maker's total number of contracts executed in its appointed option classes. Paragraph (c) governs priority of Market Maker orders, providing that Market Maker orders will always be allocated with other Professional Interest¹⁰ (such as orders from broker-dealers, firms, non-Priority Customers¹¹ and non-priority Market Maker quotes) and after both Priority Customer interest and priority Market Maker quotes have been satisfied. The Exchange is not proposing to amend paragraph (a), subparagraphs (b)(2) or (b)(3), or paragraph (c).

The Exchange is proposing to amend subparagraph (b)(1) to provide that a Market Maker may not enter GTC orders in option classes to which the Market Maker is not appointed. Thus, as amended, pursuant to subparagraph (b)(1), a Market Maker may enter all order types permitted to be entered by Non-Customer participants under the Rules, except for market orders and GTC orders, in classes of options to which the Market Maker is not appointed. The purpose of this amendment is to make the permissible order types for Market Makers in non-appointed

⁹ The term "Lead Market Maker" means 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. When a Lead Market Maker is appointed to act in the capacity of a Primary Lead Market Maker, the additional rights and responsibilities of a Primary Lead Market Maker specified in Chapter VI of these Rules will apply. See Exchange Rule 100.

¹⁰ The term "Professional Interest" means (i) an order that is for the account of a person or entity that is not a Priority Customer, or (ii) an order or non-priority quote for the account of a Market Maker. See Exchange Rule 100.

¹¹ The term "Priority Customer" means an order for the account of a Priority Customer. See Exchange Rule 100.

option classes consistent with the permissible order types in their appointed option classes. Accordingly, in both appointed and non-appointed option classes, Market Makers may enter all order types, except for market orders and GTC orders. The Exchange believes that making the permissible order types for Market Makers consistent in both appointed and non-appointed options classes simplifies order types across the Exchange for such participants. The Exchange also believes that GTC orders offer no advantage to Market Makers over day limit orders (which are a permissible order type for Market Makers in both appointed and non-appointed option classes) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to Market Makers (such as, for example, Exchange Rule 612, Aggregate Risk Manager). When the Exchange initially adopted Exchange Rule 605, the Exchange determined to permit Market Makers to enter GTC orders in non-appointed option classes. However, since adoption, the Exchange has observed that Market Makers generally have not entered GTC orders in their non-appointed option classes. Accordingly, since this is an unused order type for Market Makers and in order to promote consistency across the Exchange of available order types for Market Makers, the Exchange now proposes that Market Makers may not enter GTC orders in non-appointed option classes so that the permissible order types for Market Makers in non-appointed option classes are the same as those for Market Makers in appointed option classes.

The Exchange is also proposing to add new paragraph (d) to Rule 605 to establish the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker. Pursuant to proposed paragraph (d), the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker includes all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders.

Accordingly, the Exchange is proposing to make the permissible order types for non-MIAX Market Makers consistent with the permissible order types for MIAX Market Makers. The Exchange believes that making the permissible order types for the accounts of non-MIAX Market Makers consistent with the permissible order types for MIAX Market Makers simplifies order types across the Exchange for such participants. As discussed above, the Exchange also believes that GTC orders offer no advantage to non-MIAX Market Makers over day limit orders (which are a permissible order type for non-MIAX Market Makers) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to EEMs (such as, for example, Exchange Rule 519, MIAX Order Monitor, and Exchange Rule 519A, Risk Protection Monitor). The Exchange further believes that non-MIAX Market Makers (and, for that matter, MIAX Market Makers) are sophisticated professionals and thus generally do not use market orders. When the Exchange initially adopted Exchange Rule 605, the Exchange did not place any limitation on the types of orders that could be entered by an EEM for the proprietary account of a non-MIAX Market Maker. However, since adoption, the Exchange has observed that EEMs generally have not entered GTC orders or market orders for the proprietary account of non-MIAX Market Makers. Accordingly, since these are unused order types for non-MIAX Market Makers and in order to promote consistency across the Exchange of available order types for both non-MIAX Market Makers and Market Makers, the Exchange now proposes that EEMs may not enter GTC orders or market orders for the proprietary accounts of non-MIAX Market Makers so that the permissible order types available to non-MIAX Market Makers are the same as those for Market Makers.

The Exchange believes that its proposal to define the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker to include all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders, is reasonable, equitable and not unfairly discriminatory because the same rule applies identically to MIAX Market Makers. Thus, the Exchange is treating all market makers (both MIAX Market Makers and non-MIAX Market Makers) the same, with respect to permissible order types for such market participants.

The Exchange notes that there is no uniform treatment of permissible order types for market makers among the various options exchanges. Some exchanges place no limitation on the types of orders that can be entered by market makers, such as NYSE Arca, Inc. (“NYSE Arca”) and NYSE MKT LLC (“NYSE MKT”)¹². Both such exchanges permit a market maker to enter all order types permitted to be entered by users under the rules, in both appointed and non-appointed option classes. Other exchanges do place certain limitations on permissible order types, with varying degree. Some differentiate between appointed and non-appointed options classes, and some don’t. For example, International Securities Exchange, LLC (“ISE”) permits opening only orders, IOC orders, market orders, fill-or-kill orders, sweep orders, complex orders, and block-size orders in appointed classes.¹³ It permits all order types permissible for non-customers in non-appointed classes.¹⁴ NASDAQ PHLX LLC (“PHLX”) permits limit on opening, IOC, sweep, and day limit in appointed classes; and limit on opening, IOC, sweep, day limit, and GTC in non-appointed classes.¹⁵ Accordingly, the Exchange believes that each

¹² See NYSE Arca Rule 6.37C and NYSE Mkt Rule 925.2NY.

¹³ See ISE Rule 805.

¹⁴ Id.

¹⁵ See PHLX Rule 1080(b).

options exchange generally determines permissible order types for market makers in its trading environment based on the exchange's individual business policy, objectives, and trading system. The Exchange's proposal reflects its policy and objectives, and it treats all market makers uniformly with respect to permissible order types. Therefore, the Exchange believes that the structure that it is proposing is reasonable, equitable, and not unfairly discriminatory.

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 Act¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ 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.

In particular, the Exchange believes this proposed rule change promotes just and equitable principles of trade because it simplifies order types across the Exchange for Market Makers. It eliminates order types that generally have not been entered by Market Makers and non-MIAX Market Makers. It makes consistent the types of orders than can be entered for both

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

Market Makers and non-MIAX Market Makers. It makes the permissible order types for Market Makers in non-appointed option classes consistent with the permissible order types in their appointed option classes.

The Exchange believes that making the permissible order types for Market Makers consistent in both appointed and non-appointed options classes simplifies order types across the Exchange for such participants. The Exchange also believes that GTC orders offer no advantage to Market Makers over day limit orders (which are a permissible order type for Market Makers in both appointed and non-appointed option classes) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to Market Makers (such as, for example, Exchange Rule 612, Aggregate Risk Manager). The Exchange has observed that Market Makers generally have not entered GTC orders in their non-appointed option classes. Accordingly, since this is an unused order type for Market Makers and in order to promote consistency across the Exchange of available order types for Market Makers, the Exchange believes that its proposed rule change to provide that Market Makers may not enter GTC orders in non-appointed option classes so that the permissible order types for Market Makers in non-appointed option classes are the same as those for Market Makers in appointed option classes promotes just and equitable principles of trade.

The Exchange believes that its proposal to define the permissible order types that an EEM may enter for the proprietary account of a non-MIAX market maker to include all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders, is reasonable, equitable and not unfairly discriminatory because the same rule applies identically to MIAX Market Makers. Thus, the Exchange is treating all market makers (both

MIAX Market Makers and non-MIAX market makers) the same, with respect to permissible order types for such market participants. The Exchange also believes that GTC orders offer no advantage to non-MIAX Market Makers over day limit orders (which are a permissible order type for non-MIAX Market Makers) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to EEMs (such as, for example, Exchange Rule 519, MIAX Order Monitor, and Exchange Rule 519A, Risk Protection Monitor). The Exchange further believes that non-MIAX Market Makers (and, for that matter, MIAX Market Makers) are sophisticated professionals and thus generally do not use market orders. The Exchange has observed that EEMs generally have not entered GTC orders or market orders for the proprietary account of non-MIAX Market Makers. Accordingly, since these are unused order types for non-MIAX Market Makers and in order to promote consistency across the Exchange of available order types for both non-MIAX Market Makers and Market Makers, the Exchange believes that its proposal that EEMs may not enter GTC orders or market orders for the proprietary accounts of non-MIAX Market Makers so that the permissible order types available to non-MIAX Market Makers are the same as those for Market Makers promotes just and equitable principles of trade.

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. The Exchange operates in a highly competitive market comprised of fourteen U.S. options exchanges in which sophisticated and knowledgeable market participants can, and do, send order flow to competing exchanges if they deem trading practices at a particular exchange to be onerous or cumbersome. The proposed rule change allows the Exchange to make consistent across the

Exchange the permissible order types available for both MIAX Market Makers and non-MIAX market makers. This consistency places all such market participants on an equal footing, and, as a consequence, will not impose any burden on 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 Act¹⁸ and Rule 19b-4(f)(6)¹⁹ 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. In particular, GTC orders are an unused order type for Market Makers. The Exchange also believes that GTC orders offer no advantage to Market Makers over day limit orders (which are a permissible order type for Market Makers in both appointed and non-appointed option classes) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to Market Makers (such as, for example, Exchange Rule 612, Aggregate Risk Manager). This proposal is designed to promote consistency across the Exchange of available order types for Market Makers. Accordingly, the

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

Exchange is proposing that Market Makers may not enter GTC orders in non-appointed option classes so that the permissible order types for Market Makers in non-appointed option classes are the same as those for Market Makers in appointed option classes. As well, GTC orders and market orders are unused order types for non-MIAX Market Makers. The Exchange also believes that GTC orders offer no advantage to non-MIAX Market Makers over day limit orders (which are a permissible order type for non-MIAX Market Makers) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to EEMs (such as, for example, Exchange Rule 519, MIAX Order Monitor, and Exchange Rule 519A, Risk Protection Monitor). This proposal is designed to promote consistency across the Exchange of available order types for both non-MIAX Market Makers and Market Makers. Accordingly, the Exchange is proposing that EEMs may not enter GTC orders or market orders for the proprietary accounts of non-MIAX Market Makers so that the permissible order types available to non-MIAX Market Makers are the same as those for Market Makers.

Accordingly, the Exchange believes that these rule changes are eligible for processing immediately effective treatment under the Commission's current procedures for processing rule filings.²⁰

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

²⁰ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008) (concerning 17 CFR 200 and 241).

Rule 19b-4(f)(6) under the Act²¹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)²² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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**

Not applicable.

11. **Exhibits**

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

²¹ 17 CFR 240.19b-4(f)(6).

²² 17 CFR 240.19b-4(f)(6).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2016-43)

November 3__, 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 605 Market Maker Orders

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 November 3, 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 605 (Market Maker Orders).

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 purpose of the proposed rule change is to amend Exchange Rule 605 (Market Maker Orders) to (i) provide that a MIAX Market Maker³ may not enter good 'til cancelled ("GTC") orders⁴ in option classes to which the MIAX Market Maker is not appointed, and (ii) add a comparable provision setting forth the types of orders that an Electronic Exchange Member ("EEM")⁵ may enter for the proprietary account of a non-MIAX Market Maker.⁶

Rule 605 presently governs the submission of orders by MIAX Market Makers, differentiating between orders submitted in classes to which the Market Maker is appointed and orders submitted in classes to which the Market Maker is not appointed. Paragraph (a) governs option classes to which the Market Maker is appointed. Pursuant to paragraph (a), Market Makers may not enter market orders or GTC orders in their appointed classes. Paragraph (b) governs option classes other than those to which the Market Maker is appointed. Subparagraph (b)(1) provides that Market Makers may enter all types of orders that are permitted to be entered

³ The term "Market Maker" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers", collectively. See Exchange Rule 100.

⁴ A Good 'til Cancelled or "GTC" order is an order to buy or sell which remains in effect until it is either executed, cancelled or the underlying option expires. See Exchange Rule 516(l).

⁵ The term "Electronic Exchange Member" means the holder of a Trading permit who is not a Market Maker. Electronic Exchange members are deemed "members" under the Exchange Act. See Exchange Rule 100.

⁶ The term "non-MIAX Market Maker" means a market participant that is market maker registered as such on another options exchange. See Exchange Fee Schedule, Section 1)a)ii), Other Market Participant Fees, in the notes table.

by Non-Customer⁷ participants under the Rules, except for market orders. Subparagraphs (b)(2) and (b)(3) place limitations on the overall percentage of executions that can occur in the non-appointed classes. Specifically, subparagraph (b)(2) limits a Registered Market Maker's⁸ total number of contracts executed in non-appointed option classes to 25% of the Registered Market Maker's total number of contracts executed in its appointed option classes, and subparagraph (b)(3) limits a Lead Market Maker's⁹ total number of contracts executed in non-appointed option classes to 10% of the Lead Market Maker's total number of contracts executed in its appointed option classes. Paragraph (c) governs priority of Market Maker orders, providing that Market Maker orders will always be allocated with other Professional Interest¹⁰ (such as orders from broker-dealers, firms, non-Priority Customers¹¹ and non-priority Market Maker quotes) and after both Priority Customer interest and priority Market Maker quotes have been satisfied. The Exchange is not proposing to amend paragraph (a), subparagraphs (b)(2) or (b)(3), or paragraph (c).

⁷ The term "Non-Customer" means a person or entity that is a broker or dealer in securities. See Exchange Rule 100.

⁸ The term "Registered Market Maker" means 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 and is vested with the rights and responsibilities specified in Chapter VI of these Rules with respect to Registered Market Makers. See Exchange Rule 100.

⁹ The term "Lead Market Maker" means 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. When a Lead Market Maker is appointed to act in the capacity of a Primary Lead Market Maker, the additional rights and responsibilities of a Primary Lead Market Maker specified in Chapter VI of these Rules will apply. See Exchange Rule 100.

¹⁰ The term "Professional Interest" means (i) an order that is for the account of a person or entity that is not a Priority Customer, or (ii) an order or non-priority quote for the account of a Market Maker. See Exchange Rule 100.

¹¹ The term "Priority Customer" means an order for the account of a Priority Customer. See Exchange Rule 100.

The Exchange is proposing to amend subparagraph (b)(1) to provide that a Market Maker may not enter GTC orders in option classes to which the Market Maker is not appointed. Thus, as amended, pursuant to subparagraph (b)(1), a Market Maker may enter all order types permitted to be entered by Non-Customer participants under the Rules, except for market orders and GTC orders, in classes of options to which the Market Maker is not appointed. The purpose of this amendment is to make the permissible order types for Market Makers in non-appointed option classes consistent with the permissible order types in their appointed option classes. Accordingly, in both appointed and non-appointed option classes, Market Makers may enter all order types, except for market orders and GTC orders. The Exchange believes that making the permissible order types for Market Makers consistent in both appointed and non-appointed options classes simplifies order types across the Exchange for such participants. The Exchange also believes that GTC orders offer no advantage to Market Makers over day limit orders (which are a permissible order type for Market Makers in both appointed and non-appointed option classes) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to Market Makers (such as, for example, Exchange Rule 612, Aggregate Risk Manager). When the Exchange initially adopted Exchange Rule 605, the Exchange determined to permit Market Makers to enter GTC orders in non-appointed option classes. However, since adoption, the Exchange has observed that Market Makers generally have not entered GTC orders in their non-appointed option classes. Accordingly, since this is an unused order type for Market Makers and in order to promote consistency across the Exchange of available order types for Market Makers, the Exchange now proposes that Market Makers may not enter GTC orders in non-appointed option classes so that the permissible order types for Market Makers in non-appointed option classes are the same as those for Market Makers in appointed option classes.

The Exchange is also proposing to add new paragraph (d) to Rule 605 to establish the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker. Pursuant to proposed paragraph (d), the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker includes all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders. Accordingly, the Exchange is proposing to make the permissible order types for non-MIAX Market Makers consistent with the permissible order types for MIAX Market Makers. The Exchange believes that making the permissible order types for the accounts of non-MIAX Market Makers consistent with the permissible order types for MIAX Market Makers simplifies order types across the Exchange for such participants. As discussed above, the Exchange also believes that GTC orders offer no advantage to non-MIAX Market Makers over day limit orders (which are a permissible order type for non-MIAX Market Makers) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to EEMs (such as, for example, Exchange Rule 519, MIAX Order Monitor, and Exchange Rule 519A, Risk Protection Monitor). The Exchange further believes that non-MIAX Market Makers (and, for that matter, MIAX Market Makers) are sophisticated professionals and thus generally do not use market orders. When the Exchange initially adopted Exchange Rule 605, the Exchange did not place any limitation on the types of orders that could be entered by an EEM for the proprietary account of a non-MIAX Market Maker. However, since adoption, the Exchange has observed that EEMs generally have not entered GTC orders or market orders for the proprietary account of non-MIAX Market Makers. Accordingly, since these are unused order types for non-MIAX Market Makers and in order to promote consistency across the Exchange of available order types for both non-MIAX Market Makers and Market Makers, the Exchange now proposes that EEMs

may not enter GTC orders or market orders for the proprietary accounts of non-MIAX Market Makers so that the permissible order types available to non-MIAX Market Makers are the same as those for Market Makers.

The Exchange believes that its proposal to define the permissible order types that an EEM may enter for the proprietary account of a non-MIAX Market Maker to include all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders, is reasonable, equitable and not unfairly discriminatory because the same rule applies identically to MIAX Market Makers. Thus, the Exchange is treating all market makers (both MIAX Market Makers and non-MIAX Market Makers) the same, with respect to permissible order types for such market participants.

The Exchange notes that there is no uniform treatment of permissible order types for market makers among the various options exchanges. Some exchanges place no limitation on the types of orders that can be entered by market makers, such as NYSE Arca, Inc. (“NYSE Arca”) and NYSE MKT LLC (“NYSE MKT”)¹². Both such exchanges permit a market maker to enter all order types permitted to be entered by users under the rules, in both appointed and non-appointed option classes. Other exchanges do place certain limitations on permissible order types, with varying degree. Some differentiate between appointed and non-appointed options classes, and some don’t. For example, International Securities Exchange, LLC (“ISE”) permits opening only orders, IOC orders, market orders, fill-or-kill orders, sweep orders, complex orders, and block-size orders in appointed classes.¹³ It permits all order types permissible for non-customers in non-appointed classes.¹⁴ NASDAQ PHLX LLC (“PHLX”) permits limit on

¹² See NYSE Arca Rule 6.37C and NYSE Mkt Rule 925.2NY.

¹³ See ISE Rule 805.

¹⁴ Id.

opening, IOC, sweep, and day limit in appointed classes; and limit on opening, IOC, sweep, day limit, and GTC in non-appointed classes.¹⁵ Accordingly, the Exchange believes that each options exchange generally determines permissible order types for market makers in its trading environment based on the exchange's individual business policy, objectives, and trading system. The Exchange's proposal reflects its policy and objectives, and it treats all market makers uniformly with respect to permissible order types. Therefore, the Exchange believes that the structure that it is proposing is reasonable, equitable, and not unfairly discriminatory.

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

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ 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.

In particular, the Exchange believes this proposed rule change promotes just and equitable principles of trade because it simplifies order types across the Exchange for Market

¹⁵ See PHLX Rule 1080(b).

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

Makers. It eliminates order types that generally have not been entered by Market Makers and non-MIAX Market Makers. It makes consistent the types of orders than can be entered for both Market Makers and non-MIAX Market Makers. It makes the permissible order types for Market Makers in non-appointed option classes consistent with the permissible order types in their appointed option classes.

The Exchange believes that making the permissible order types for Market Makers consistent in both appointed and non-appointed options classes simplifies order types across the Exchange for such participants. The Exchange also believes that GTC orders offer no advantage to Market Makers over day limit orders (which are a permissible order type for Market Makers in both appointed and non-appointed option classes) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to Market Makers (such as, for example, Exchange Rule 612, Aggregate Risk Manager). The Exchange has observed that Market Makers generally have not entered GTC orders in their non-appointed option classes. Accordingly, since this is an unused order type for Market Makers and in order to promote consistency across the Exchange of available order types for Market Makers, the Exchange believes that its proposed rule change to provide that Market Makers may not enter GTC orders in non-appointed option classes so that the permissible order types for Market Makers in non-appointed option classes are the same as those for Market Makers in appointed option classes promotes just and equitable principles of trade.

The Exchange believes that its proposal to define the permissible order types that an EEM may enter for the proprietary account of a non-MIAX market maker to include all order types permitted to be entered under the Rules by Members, except for market orders and GTC orders, is reasonable, equitable and not unfairly discriminatory because the same rule applies

identically to MIAX Market Makers. Thus, the Exchange is treating all market makers (both MIAX Market Makers and non-MIAX market makers) the same, with respect to permissible order types for such market participants. The Exchange also believes that GTC orders offer no advantage to non-MIAX Market Makers over day limit orders (which are a permissible order type for non-MIAX Market Makers) under the Exchange's market structure, including, but not limited to, under the priority and trade allocation rules (Exchange Rule 514) and various risk protection mechanism rules applicable to EEMs (such as, for example, Exchange Rule 519, MIAX Order Monitor, and Exchange Rule 519A, Risk Protection Monitor). The Exchange further believes that non-MIAX Market Makers (and, for that matter, MIAX Market Makers) are sophisticated professionals and thus generally do not use market orders. The Exchange has observed that EEMs generally have not entered GTC orders or market orders for the proprietary account of non-MIAX Market Makers. Accordingly, since these are unused order types for non-MIAX Market Makers and in order to promote consistency across the Exchange of available order types for both non-MIAX Market Makers and Market Makers, the Exchange believes that its proposal that EEMs may not enter GTC orders or market orders for the proprietary accounts of non-MIAX Market Makers so that the permissible order types available to non-MIAX Market Makers are the same as those for Market Makers promotes just and equitable principles of trade.

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 operates in a highly competitive market comprised of fourteen U.S. options exchanges in which sophisticated and knowledgeable market participants can, and do, send order flow to competing exchanges if they deem trading practices at a particular exchange to be onerous or cumbersome. The proposed rule change allows the Exchange to make consistent across the

Exchange the permissible order types available for both MIAX Market Makers and non-MIAX market makers. This consistency places all such market participants on an equal footing, and, as a consequence, will not impose any burden on 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 Act¹⁸ and Rule 19b-4(f)(6)¹⁹ 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 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.

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](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2016-43 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-2016-43. 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-2016-43 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.²⁰

Brent J. Fields
Secretary

²⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

Rule 605. Market Maker Orders

(a) **Options Classes to Which Appointed.** Market Makers may place principal orders to buy or sell options in the options classes to which they are appointed under Rule 602, including day limit orders, opening orders (“OPG”), auction or cancel orders (“AOC”) orders, immediate-or-cancel orders, fill-or-kill orders and cAOC complex orders. Market Makers may not enter market orders or good ‘til cancelled orders (“GTC”) in their assigned classes. Registered Market Makers shall comply with the provisions of Rule 604(e)(3)(i) upon the entry of such orders if they were not previously quoting in the series.

(b) Options Classes Other Than Those to Which Appointed.

(1) Except for market orders and GTC orders, a Market Maker may enter all other order types permitted to be entered by Non-Customer participants under the Rules when the Market Maker is seeking to buy or sell options in classes of options listed on the Exchange to which the Market Maker is not appointed under Rule 602.

(2) **Registered Market Makers.** The total number of contracts executed during a quarter by a Registered Market Maker in options classes to which it is not appointed may not exceed twenty-five percent (25%) of the total number of contracts traded by such Registered Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e) in any calendar quarter.

(3) **Lead Market Makers.** The total number of contracts executed during a quarter by a Lead Market Maker (including those Lead Market Makers appointed as Primary Lead Market Makers) in options classes to which it is not appointed may not exceed ten percent (10%) of the total number of contracts traded by such Lead Market Maker in classes to which it is appointed and with respect to which it was quoting pursuant to Rule 604(e)(1).

(c) **Priority of Market Maker Orders.** In accordance with Rule 514, executions resulting from Market Maker orders will always be allocated with other Professional Interest (such as orders from broker-dealers, firms, non- Priority Customers and non-priority Market Maker quotes) and

after both Priority Customer interest and priority Market Maker quotes (as described in Rule 517) have been satisfied.

(d) **Non-MIAX Market Maker Orders.** An EEM may enter for the proprietary account of a non-MIAX Market Maker all order types permitted to be entered under the Rules by Members, other than market orders and GTC orders.
