

Required fields are shown with yellow backgrounds and asterisks.

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

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

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

Proposed rule change relating to complex orders on MIAX

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Richard **Last Name *** Rudolph

Title * Vice President and Senior Counsel

E-mail * rrudolph@miami-holdings.com

Telephone * (609) 897-1484 **Fax**

Signature

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

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

(Title *)

Date 11/18/2016 **Vice President and Senior Counsel**

By Richard S. Rudolph

(Name *)

rrudolph@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 EFFS 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”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 518, Complex Orders.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on December 10, 2015. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Richard S. Rudolph, Vice President and Senior Counsel, at (609) 897-1484.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 518, Complex Orders, to state that (i) the System³ will not commence a Complex Auction⁴ within a defined time period prior to the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “System” means the automated trading system used by the Exchange for the

end of the trading session as described below; and (ii) the size of an RFR Response (defined below) that is submitted with a size greater than the aggregate auctioned size (described below) will be capped for allocation purposes at the aggregate auctioned size (defined below).

Complex Auction Defined Time Period

Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, are eligible to participate in a Complex Auction for possible price improvement.⁵ Members may submit Complex Auction-on-Arrival (“cAOA”) orders⁶ that may initiate a Complex Auction, and the Exchange may determine to automatically submit a Complex Auction-eligible order⁷ into a Complex Auction. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System⁸ indicating that there is a Complex Auction-eligible

trading of securities. See Exchange Rule 100.

⁴ Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in Exchange Rule 518(c)(5), the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”). See Exchange Rule 518(d).

⁵ See id.

⁶ A cAOA order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation. Complex orders that are not designated as cAOA will, by default, not initiate a Complex Auction upon arrival, but except as described herein will be eligible to participate in a Complex Auction that is in progress when such complex order arrives or if placed on the Strategy Book may participate in or may initiate a Complex Auction. See Exchange Rule 518(b)(2)(i).

⁷ A “Complex Auction-eligible order” means a complex order that, as determined by the Exchange, is eligible to initiate or join a Complex Auction based in a variety of factors. See Exchange Rule 518(d)(1).

⁸ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

order resting on the Strategy Book,⁹ the Exchange may begin the Complex Auction process by sending a request for responses (“RFR”) message. Members may submit a response to the RFR message (an “RFR Response”) during the “Response Time Interval.”¹⁰ At the end of the Response Time Interval, Complex Auction-eligible orders (and other complex orders and quotes) may be executed in whole or in part against the best priced contra side interest.¹¹

Exchange Rule 518(d)(2) governs the commencement of a Complex Auction. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, the Exchange may begin the Complex Auction process by sending an RFR message to all subscribers to the Exchange’s data feeds that deliver RFR messages.

The Exchange proposes to amend Exchange Rule 518(d)(2) by stating that, notwithstanding the foregoing provisions of the rule, the System will not commence a Complex Auction within a defined time period prior to the end of the trading session (the “Defined Time Period”) established by the Exchange and communicated to Members via Regulatory Circular. The Defined Time Period shall be at least 100 milliseconds, and may not exceed 10 seconds. The Exchange believes that this proposed flexibility in the duration of the Defined Time Period is necessary because the duration of the Response Time Interval is flexible¹² and must not be able to exceed the Defined Time Period. For example, if the Response Time Interval is 300

⁹ The “Strategy Book” is the Exchange’s electronic book of complex orders and complex Quotes. See Exchange Rule 518(a)(17).

¹⁰ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Exchange will determine the duration of the Response Time Interval, which shall not exceed 500 milliseconds, and will communicate it to Members via Regulatory Circular. See Exchange Rule 518(d)(3).

¹¹ For a complete description of the Complex Auction process, see Exchange Rule 518(d).

¹² See supra note 10.

milliseconds and the Defined Time Period is 200 milliseconds, a Complex Auction with a 300 millisecond Response Time Interval could commence within 200 milliseconds of the end of the trading session, and the Complex Auction could therefore not be completed. Flexibility in the establishment of the duration of the Defined Time Period would enable the Exchange to make the duration of the Response Time Interval and the Defined Time Period consistent in this regard. The 10-second maximum duration for the Defined Time Period is intended as an outlier to address situations where the Exchange may need to ensure a fair and orderly marketplace during times of extreme volatility and thus may deem it necessary not to commence Complex Auctions as the end of the trading session approaches.

For consistency, the Exchange is proposing a corresponding amendment to the definition of a cAOA order¹³ in Exchange Rule 518(b)(2)(i) by stating that a cAOA order received during the Defined Time Period prior to the end of the trading session (as described in proposed Rule 518(d)(2)) will not initiate a new Complex Auction.

The purpose of this provision is to ensure that Complex Auctions that are commenced on the Exchange can be completed prior to the close of trading. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, the Exchange may begin the Complex Auction process by sending an RFR message, which then begins the Response Time Interval during which Complex Auction responses may be submitted.

The Exchange believes it is necessary to ensure that a Complex Auction will not commence when the trading session would end prior to the end of the Response Time Interval.

¹³ See supra note 6.

Thus, any Complex Auction commenced on the Exchange will be completed during the trading session.

Capping the RFR Response Size

The Exchange proposes to amend rules relating to the Complex Auction to limit the size of RFR Responses for trade allocation purposes.

Exchange Rule 518(d)(4), RFR Response, states that RFR Responses must be a Complex Auction-or-Cancel order (a “cAOC order”)¹⁴ or a Complex Auction or Cancel eQuote (a “cAOC eQuote”).¹⁵ RFR Responses must indicate their size and are firm (i.e., guaranteed at the RFR Response price and size) at the end of the Response Time Interval. The Exchange is proposing to amend Exchange Rule 518(d)(4) to cap the size of RFR Responses (i.e., cAOC orders and cAOC eQuotes) by stating that an RFR Response with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating Complex Auction-eligible order (the “aggregate auctioned size”)¹⁶ will be capped for allocation purposes at the

¹⁴ A cAOC order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁵ cAOC eQuote is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of the Complex Auction. cAOC eQuotes will not: (i) be executed against individual orders and quotes resting on the Simple Order Book; (ii) be eligible to initiate a Complex Auction, but may join a Complex Auction in progress; (iii) rest on the Strategy Book; or (iv) be displayed. See Exchange Rule 518, Interpretations and Policies .02(c)(1).

¹⁶ Incoming unrelated complex orders and quotes that are eligible to join a Complex Auction and are received during the Response Time Interval for a Complex Auction-eligible order will join the Complex Auction, will be ranked by price, and will be allocated pursuant to Rule 518(d)(7). See Exchange Rule 518(d)(8).

aggregate auctioned size. Thus, an RFR Response with a size greater than the aggregate auctioned size will be deemed to be for a size that is equal to the aggregate auctioned size.

For consistency, the Exchange is proposing to amend Exchange Rule 518(b)(3), which defines a cAOC order, to state that a cAOC order with a size greater than the aggregate auctioned size will be capped for allocation purposes at the aggregate auctioned size. Additionally, the Exchange is proposing to amend Rule 518, Interpretations and Policies .02, which defines a cAOC eQuote, to state that a cAOC eQuote with a size greater than the aggregate auctioned size (as defined in Rule 518(d)(4)) will be capped for allocation purposes at the aggregate auctioned size.

The purpose of capping the size of RFR Responses is to ensure that the System allocates contracts among participants in the Complex Auction based on the aggregate size of the Complex Auction-eligible order and interest joining the Complex Auction-eligible order being auctioned. Contracts in the Complex Auction are allocated on a pro-rata basis pursuant to Exchange Rule 514(c)(2)¹⁷ among participants in various categories that are ranked in priority order¹⁸ in Rule 518(d)(7).

Capping the size of RFR Responses for purposes of pro-rata allocation is also designed to reduce the possibility that participants could circumvent or “game” the allocation rules through the submission of oversized RFR Responses. In fact, for the same purpose, the Exchange currently caps the size of certain orders in the simple market for allocation purposes. For

¹⁷ Exchange Rule 514(c)(2), Pro-Rata Allocation, states that under this method, resting quotes and orders on the Book are prioritized according to price. If there are two or more quotes or orders at the best price then the contracts are allocated proportionally according to size (in a pro-rata fashion). If the executed quantity cannot be evenly allocated, the remaining contracts will be distributed one at a time based upon price-size-time priority.

¹⁸ Orders and quotes executed in a Complex Auction are allocated pursuant to Exchange Rule 518(d)(7).

example, the System will cap individual responses received during a liquidity refresh pause timer on the opposite side from the initiating order to the size of the initiating order and any same side joiners received during the liquidity refresh pause timer for purposes of pro-rata allocation against the initiating order and any same side joining interest received during the liquidity refresh pause.¹⁹ Also, in the MIAX PRIME Auction for simple orders, an RFR response with a size greater than the size of the Agency Order will be capped at the size of the Agency Order.²⁰ The Exchange believes that adding the additional language regarding a cap applied to the size of RFR Responses will clarify the manner in which the System allocates contracts at the end of the Complex Auction so that market participants more clearly understand the treatment of their orders and quotes during the Complex Auction process, and will also reduce the impact of potentially manipulative behavior by market participants to alter the pro-rata allocation.

b. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act²¹ in general, and furthers the objectives of Section 6(b)(5) of the Act²² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

¹⁹ See Exchange Rule 515, Interpretations and Policies .03.

²⁰ See Exchange Rule 515A(a)(2)(i)(G).

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

In particular, the Exchange's proposal to set a Defined Time Period during which a Complex Auction will not be commenced is designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and to protect investors and the public interest by ensuring that the System can complete the Complex Auction process before the end of the trading session. This guarantees that investors will receive the full benefit of the Complex Auction process and that Complex auctions on the Exchange will be completed prior to the end of the trading session.

The proposed rule change promotes just and equitable principles of trade by capping the size of RFR Responses, which ensures that the system allocates contracts among participants in the Complex Auction based on the actual aggregate size of the Complex Auction-eligible order and interest joining the Complex Auction-eligible order being auctioned.

Furthermore, capping the size of RFR Responses for purposes of pro-rata allocation is designed to prevent fraudulent and manipulative acts and practices by reducing the possibility that participants could circumvent or "game" the allocation rules through the submission of an oversized RFR Response. Moreover, the Exchange believes that adding the additional language regarding a cap applied to the size of RFR Responses removes impediments to and perfects the mechanisms of a free and open market and a national market system by clarifying the manner in which the System allocates contracts at the end of the Complex Auction so that market participants more clearly understand the treatment of their orders and quotes during the Complex Auction process.

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

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

Specifically, the Exchange believes that its proposal to cap the size of RFR Responses enhances competition in the Complex Auction by eliminating the ability of Complex Auction participants to “game” the pro-rata allocation, thus encouraging participants to submit competitive RFR Responses and ensuring that the size associated with their RFR Response will be calculated fairly as a percentage of the size associated with RFR Responses submitted to the Complex Auction.

Additionally, the Exchange’s proposal to establish a Defined Time Period prior to the end of the trading session within which the Exchange will not commence a Complex Auction is not competitive in nature. This proposal is intended to ensure that the Complex Auction process can be completed once it has begun, and to safeguard the orderliness of the MIAX marketplace at the end of the trading session.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will in fact enhance competition.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly

²³ 15 U.S.C. 78s(b)(3)(A).

affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange does not believe that capping the RFR Response size for allocation purposes in complex orders raises any novel or unique substantive issues. The Exchange currently caps the size of certain orders in the simple market for allocation purposes. For example, the System will cap individual responses received during a liquidity refresh pause timer on the opposite side from the initiating order to the size of the initiating order and any same side joiners received during the liquidity refresh pause timer for purposes of pro-rata allocation against the initiating order and any same side joining interest received during the liquidity refresh pause.²⁵ Also, in the MIAX PRIME Auction for simple orders, an RFR response with a size greater than the size of the Agency Order will be capped at the size of the Agency Order for allocation purposes²⁶ with respect to simple orders.

The Exchange also believes that the proposal to establish the Defined Time Period is appropriately submitted pursuant to Section 19(b)(3)(A) of the Act²⁷ and Rule 19b-4(f)(6)²⁸ thereunder because its purpose, to ensure a fair and orderly market at the end of the trading session, 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,

²⁴ 17 CFR 240.19b-4(f)(6).

²⁵ See Exchange Rule 515, Interpretations and Policies .03.

²⁶ See Exchange Rule 515A(a)(2)(i)(G).

²⁷ 15 U.S.C. 78s(b)(3)(A).

²⁸ 17 CFR 240.19b-4(f)(6).

and is therefore non-controversial. Accordingly, the Exchange believes that the proposed rule change is eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. MIAX has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)³⁰ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange respectfully requests that the Commission waive the 30-day operative delay in order to ensure that the Defined Time Period can begin to function so that Complex Auctions that are begun just prior to the end of the trading session will be completed before the end of the trading session. Additionally, waiver of the 30-day operative delay would enable the Exchange to cap the size of RFR Responses in the Complex Auction immediately and thus prevent "gaming" of the Complex Auction allocation process. For the reasons stated above, and consistent with the protection of investors and the public interest, the Exchange believes that it is appropriate for the Commission to waive the 30-day operative delay.

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

²⁹ 17 CFR 240.19b-4(f)(6).

³⁰ 17 CFR 240.19b-4(f)(6).

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 other competing options exchanges, however it is based on other rules that are effective on MIAX.³¹

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of proposed rule change.

³¹ See supra notes 19, 20, 25, 26.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2016-44)

November __, 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 518, Complex 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 18, 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 518, Complex 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 Exchange proposes to amend Exchange Rule 518, Complex Orders, to state that (i) the System³ will not commence a Complex Auction⁴ within a defined time period prior to the end of the trading session as described below; and (ii) the size of an RFR Response (defined below) that is submitted with a size greater than the aggregate auctioned size (described below) will be capped for allocation purposes at the aggregate auctioned size (defined below).

Complex Auction Defined Time Period

Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, are eligible to participate in a Complex Auction for possible price improvement.⁵ Members may submit Complex Auction-on-Arrival (“cAOA”) orders⁶ that may initiate a Complex Auction, and the Exchange may determine to automatically submit a Complex

³ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁴ Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in Exchange Rule 518(c)(5), the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”). See Exchange Rule 518(d).

⁵ See id.

⁶ A cAOA order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation. Complex orders that are not designated as cAOA will, by default, not initiate a Complex Auction upon arrival, but except as described herein will be eligible to participate in a Complex Auction that is in progress when such complex order arrives or if placed on the Strategy Book may participate in or may initiate a Complex Auction. See Exchange Rule 518(b)(2)(i).

Auction-eligible order⁷ into a Complex Auction. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System⁸ indicating that there is a Complex Auction-eligible order resting on the Strategy Book,⁹ the Exchange may begin the Complex Auction process by sending a request for responses (“RFR”) message. Members may submit a response to the RFR message (an “RFR Response”) during the “Response Time Interval.”¹⁰ At the end of the Response Time Interval, Complex Auction-eligible orders (and other complex orders and quotes) may be executed in whole or in part against the best priced contra side interest.¹¹

Exchange Rule 518(d)(2) governs the commencement of a Complex Auction. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, the Exchange may begin the Complex Auction process by sending an RFR message to all subscribers to the Exchange’s data feeds that deliver RFR messages.

The Exchange proposes to amend Exchange Rule 518(d)(2) by stating that, notwithstanding the foregoing provisions of the rule, the System will not commence a Complex Auction within a defined time period prior to the end of the trading session (the “Defined Time Period”) established by the Exchange and communicated to Members via Regulatory Circular.

⁷ A “Complex Auction-eligible order” means a complex order that, as determined by the Exchange, is eligible to initiate or join a Complex Auction based in a variety of factors. See Exchange Rule 518(d)(1).

⁸ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁹ The “Strategy Book” is the Exchange’s electronic book of complex orders and complex Quotes. See Exchange Rule 518(a)(17).

¹⁰ The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Exchange will determine the duration of the Response Time Interval, which shall not exceed 500 milliseconds, and will communicate it to Members via Regulatory Circular. See Exchange Rule 518(d)(3).

¹¹ For a complete description of the Complex Auction process, see Exchange Rule 518(d).

The Defined Time Period shall be at least 100 milliseconds, and may not exceed 10 seconds.

The Exchange believes that this proposed flexibility in the duration of the Defined Time Period is necessary because the duration of the Response Time Interval is flexible¹² and must not be able to exceed the Defined Time Period. For example, if the Response Time Interval is 300 milliseconds and the Defined Time Period is 200 milliseconds, a Complex Auction with a 300 millisecond Response Time Interval could commence within 200 milliseconds of the end of the trading session, and the Complex Auction could therefore not be completed. Flexibility in the establishment of the duration of the Defined Time Period would enable the Exchange to make the duration of the Response Time Interval and the Defined Time Period consistent in this regard. The 10-second maximum duration for the Defined Time Period is intended as an outlier to address situations where the Exchange may need to ensure a fair and orderly marketplace during times of extreme volatility and thus may deem it necessary not to commence Complex Auctions as the end of the trading session approaches.

For consistency, the Exchange is proposing a corresponding amendment to the definition of a cAOA order¹³ in Exchange Rule 518(b)(2)(i) by stating that a cAOA order received during the Defined Time Period prior to the end of the trading session (as described in proposed Rule 518(d)(2)) will not initiate a new Complex Auction.

The purpose of this provision is to ensure that Complex Auctions that are commenced on the Exchange can be completed prior to the close of trading. Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, the Exchange may begin the Complex

¹² See supra note 10.

¹³ See supra note 6.

Auction process by sending an RFR message, which then begins the Response Time Interval during which Complex Auction responses may be submitted.

The Exchange believes it is necessary to ensure that a Complex Auction will not commence when the trading session would end prior to the end of the Response Time Interval. Thus, any Complex Auction commenced on the Exchange will be completed during the trading session.

Capping the RFR Response Size

The Exchange proposes to amend rules relating to the Complex Auction to limit the size of RFR Responses for trade allocation purposes.

Exchange Rule 518(d)(4), RFR Response, states that RFR Responses must be a Complex Auction-or-Cancel order (a “cAOC order”)¹⁴ or a Complex Auction or Cancel eQuote (a “cAOC eQuote”).¹⁵ RFR Responses must indicate their size and are firm (i.e., guaranteed at the RFR Response price and size) at the end of the Response Time Interval. The Exchange is proposing to amend Exchange Rule 518(d)(4) to cap the size of RFR Responses (i.e., cAOC orders and cAOC eQuotes) by stating that an RFR Response with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating Complex Auction-eligible order (the “aggregate auctioned size”)¹⁶ will be capped for allocation purposes at the

¹⁴ A cAOC order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC orders are not displayed to any market participant, and are not eligible for trading outside of the event. See Exchange Rule 518(b)(3).

¹⁵ cAOC eQuote is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of the Complex Auction. cAOC eQuotes will not: (i) be executed against individual orders and quotes resting on the Simple Order Book; (ii) be eligible to initiate a Complex Auction, but may join a Complex Auction in progress; (iii) rest on the Strategy Book; or (iv) be displayed. See Exchange Rule 518, Interpretations and Policies .02(c)(1).

¹⁶ Incoming unrelated complex orders and quotes that are eligible to join a Complex

aggregate auctioned size. Thus, an RFR Response with a size greater than the aggregate auctioned size will be deemed to be for a size that is equal to the aggregate auctioned size.

For consistency, the Exchange is proposing to amend Exchange Rule 518(b)(3), which defines a cAOC order, to state that a cAOC order with a size greater than the aggregate auctioned size will be capped for allocation purposes at the aggregate auctioned size. Additionally, the Exchange is proposing to amend Rule 518, Interpretations and Policies .02, which defines a cAOC eQuote, to state that a cAOC eQuote with a size greater than the aggregate auctioned size (as defined in Rule 518(d)(4)) will be capped for allocation purposes at the aggregate auctioned size.

The purpose of capping the size of RFR Responses is to ensure that the System allocates contracts among participants in the Complex Auction based on the aggregate size of the Complex Auction-eligible order and interest joining the Complex Auction-eligible order being auctioned. Contracts in the Complex Auction are allocated on a pro-rata basis pursuant to Exchange Rule 514(c)(2)¹⁷ among participants in various categories that are ranked in priority order¹⁸ in Rule 518(d)(7).

Capping the size of RFR Responses for purposes of pro-rata allocation is also designed to reduce the possibility that participants could circumvent or “game” the allocation rules through the submission of oversized RFR Responses. In fact, for the same purpose, the Exchange

Auction and are received during the Response Time Interval for a Complex Auction-eligible order will join the Complex Auction, will be ranked by price, and will be allocated pursuant to Rule 518(d)(7). See Exchange Rule 518(d)(8).

¹⁷ Exchange Rule 514(c)(2), Pro-Rata Allocation, states that under this method, resting quotes and orders on the Book are prioritized according to price. If there are two or more quotes or orders at the best price then the contracts are allocated proportionally according to size (in a pro-rata fashion). If the executed quantity cannot be evenly allocated, the remaining contracts will be distributed one at a time based upon price-size-time priority.

¹⁸ Orders and quotes executed in a Complex Auction are allocated pursuant to Exchange Rule 518(d)(7).

currently caps the size of certain orders in the simple market for allocation purposes. For example, the System will cap individual responses received during a liquidity refresh pause timer on the opposite side from the initiating order to the size of the initiating order and any same side joiners received during the liquidity refresh pause timer for purposes of pro-rata allocation against the initiating order and any same side joining interest received during the liquidity refresh pause.¹⁹ Also, in the MIAX PRIME Auction for simple orders, an RFR response with a size greater than the size of the Agency Order will be capped at the size of the Agency Order.²⁰ The Exchange believes that adding the additional language regarding a cap applied to the size of RFR Responses will clarify the manner in which the System allocates contracts at the end of the Complex Auction so that market participants more clearly understand the treatment of their orders and quotes during the Complex Auction process, and will also reduce the impact of potentially manipulative behavior by market participants to alter the pro-rata allocation.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act²¹ in general, and furthers the objectives of Section 6(b)(5) of the Act²² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

¹⁹ See Exchange Rule 515, Interpretations and Policies .03.

²⁰ See Exchange Rule 515A(a)(2)(i)(G).

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

In particular, the Exchange's proposal to set a Defined Time Period during which a Complex Auction will not be commenced is designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and to protect investors and the public interest by ensuring that the System can complete the Complex Auction process before the end of the trading session. This guarantees that investors will receive the full benefit of the Complex Auction process and that Complex auctions on the Exchange will be completed prior to the end of the trading session.

The proposed rule change promotes just and equitable principles of trade by capping the size of RFR Responses, which ensures that the system allocates contracts among participants in the Complex Auction based on the actual aggregate size of the Complex Auction-eligible order and interest joining the Complex Auction-eligible order being auctioned.

Furthermore, capping the size of RFR Responses for purposes of pro-rata allocation is designed to prevent fraudulent and manipulative acts and practices by reducing the possibility that participants could circumvent or "game" the allocation rules through the submission of an oversized RFR Response. Moreover, the Exchange believes that adding the additional language regarding a cap applied to the size of RFR Responses removes impediments to and perfects the mechanisms of a free and open market and a national market system by clarifying the manner in which the System allocates contracts at the end of the Complex Auction so that market participants more clearly understand the treatment of their orders and quotes during the Complex Auction process.

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 that its proposal to cap the size of RFR Responses enhances competition in the Complex Auction by eliminating the ability of Complex Auction participants to “game” the pro-rata allocation, thus encouraging participants to submit competitive RFR Responses and ensuring that the size associated with their RFR Response will be calculated fairly as a percentage of the size associated with RFR Responses submitted to the Complex Auction.

Additionally, the Exchange’s proposal to establish a Defined Time Period prior to the end of the trading session within which the Exchange will not commence a Complex Auction is not competitive in nature. This proposal is intended to ensure that the Complex Auction process can be completed once it has begun, and to safeguard the orderliness of the MIAX marketplace at the end of the trading session.

For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will in fact enhance competition.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the

Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²³ and Rule 19b-4(f)(6)²⁴ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2016-44 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.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

All submissions should refer to File Number SR-MIAX-2016-44. 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-2016-44 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.²⁵

Brent J. Fields
Secretary

²⁵ 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 518. Complex Orders

(a) No change.

(b) Types of Complex Orders.

(1) No change.

(2) Complex Auction-on-Arrival Order.

(i) A “Complex Auction-on-Arrival” or “cAOA” order is a complex order designated to be placed into a Complex Auction upon receipt or upon evaluation. Complex orders that are not designated as cAOA will, by default, not initiate a Complex Auction upon arrival, but except as described herein will be eligible to participate in a Complex Auction that is in progress when such complex order arrives or if placed on the Strategy Book may participate in or may initiate a Complex Auction, following evaluation conducted by the System (as described in subparagraph (d) below). A cAOA order received during the Defined Time Period (as described in Rule 518(d)(2) below) will not initiate a new Complex Auction.

(ii) No change.

(3) Complex Auction or Cancel Order. A Complex Auction-or-Cancel or “cAOC” order is a complex limit order used to provide liquidity during a specific Complex Auction with a time in force that corresponds with that event. cAOC orders are not displayed to any market participant, and are not eligible for trading outside of the event. A cAOC order with a size greater than the aggregate auctioned size (as defined in Rule 518(d)(4) will be capped for allocation purposes at the aggregate auctioned size.

(4) No change.

(c) No change.

(d) Complex Auction Process. Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a Complex Auction-eligible order into a

Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”).

(1) No change.

(2) **Commencement of Complex Auction.** Upon receipt of a Complex Auction-eligible order or upon an evaluation by the System indicating that there is a Complex Auction-eligible order resting on the Strategy Book, as set forth in subparagraph (c)(5) above, the Exchange may begin the Complex Auction process by sending an RFR message. The RFR message will be sent to all subscribers to the Exchange’s data feeds that deliver RFR messages. The RFR message will identify the complex strategy, the price, quantity of matched complex quotes and/or orders at that price, imbalance quantity, and side of the market of the Complex Auction-eligible order. The price included in the RFR Message will be the limit order price, unless: (i) that price is through the opposite side dcMBBO, or (ii) the Complex Auction is initiated by a complex market order, in which case such price will be the dcMBBO. The Exchange may determine to limit the frequency of Complex Auctions for a complex strategy (i.e., establish a minimum time period between Complex Auctions initiated for complex orders in that strategy resting on the Strategy Book). The duration of such limitation will be established on an Exchange-wide basis and communicated to Members via Regulatory Circular. The Exchange will not change the duration of the minimum time period on an intra-day basis during any trading session. However, a new complex order received by the System during such limitation that ordinarily triggers a Complex Auction will still trigger a Complex Auction upon receipt. Notwithstanding the foregoing, the System will not commence a Complex Auction within a defined time period prior to the end of the trading session (the “Defined Time Period”) established by the Exchange and communicated to Members via Regulatory Circular. The Defined Time Period shall be at least 100 milliseconds, and may not exceed 10 seconds.

(3) No change.

(4) **RFR Response.** Members may submit a response to the RFR message (an “RFR Response”) during the Response Time Interval. RFR Responses may be submitted in \$0.01 increments. RFR Responses must be a cAOC order or a cAOC eQuote as defined in Interpretations and Policies .02 of this Rule and may be submitted on either side of the market. RFR Responses represent non-firm interest that can be modified or withdrawn at any time prior to the end of the Response Time Interval. At the end of the Response Time Interval, RFR Responses are firm (i.e., guaranteed at the RFR price and size). All RFR Responses and other complex orders and quotes on the opposite side of the Complex Auction-eligible order are also firm with respect to other incoming Complex Auction-eligible orders that are received during the Response Time Interval. Any RFR Responses not executed in full will expire at the end of the Complex Auction. An RFR Response with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating Complex Auction-eligible order (the “aggregate auctioned size”) will be capped for allocation purposes at the aggregate auctioned size.

(5) - (12) No change.

Interpretations and Policies:

.01 No change

.02. Market Maker Complex Quotes.

(a) - (b) No change.

(c) A complex eQuote is either:

(1) A “Complex Auction or Cancel eQuote” or “cAOC eQuote,” which is an eQuote submitted by a Market Maker that is used to provide liquidity during a specific Complex Auction with a time in force that corresponds with the duration of the Complex Auction. A cAOC eQuote with a size greater than the aggregate auctioned size (as defined in Rule 518(d)(4)) will be capped for allocation purposes at the aggregate auctioned size. cAOC eQuotes will not: (i) be executed against individual orders and quotes resting on the Simple Order Book; (ii) be eligible to initiate a Complex Auction, but may join a Complex Auction in progress; (iii) rest on the Strategy Book; or (iv) be displayed; or

(2) No change.

(d) - (e) No change.

.03 - .06 No change.
