

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80062; File No. SR-MIAX-2017-05)

February 17, 2017

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule to Clarify Its Fees Relating to the MIAX Express Network Interconnect (“MENI”)

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 February 13, 2017, Miami International Securities Exchange LLC (“MIAX Options” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”).

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings>, 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 its Fee Schedule to provide a definition of the MIAX Express Network Interconnect (“MENI”) and that any Member³ or non-Member using the MENI to access the Exchange’s System⁴ and the automated trading system of MIAX PEARL, LLC (“MIAX PEARL”), the Exchange’s affiliate (the “MIAX PEARL System”) will only be assessed one network connectivity fee per such connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL accessed via such connection, as more fully described below.⁵

The Exchange provides to Members and non-Members a network infrastructure pursuant to which such Members and non-Members establish connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange. The Exchange refers to this network infrastructure as the MIAX Express Network Interconnect, or the MENI. The MENI consists of the low latency and ultra-low latency (“ULL”) connectivity options set forth in the Exchange’s Fee Schedule. The MENI also provides members and non-

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

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

⁵ The Exchange notes that MIAX PEARL has filed with the Commission a proposed rule change to adopt similar clarifying rules in connection with the establishment of its proposed fee schedule. See SR-PEARL-2017-10 filed on February 13, 2017 at www.miaxoptions.com.

members of MIAX PEARL network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of MIAX PEARL. Further, for Members and non-Members of the Exchange that wish to establish connectivity to both the Exchange and MIAX PEARL, the MENI can be configured to provide such Members and non-Members of the Exchange network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of both the Exchange and MIAX PEARL, via a single, shared connection.

Accordingly, the Exchange is proposing to clarify that, when a Member or non-Member of the Exchange establishes network connectivity to the trading platforms, market data systems, test systems, and disaster recovery facilities of both the Exchange and MIAX PEARL, via a single, shared connection, for purposes of: (i) Section 4) of the Exchange's Fee Schedule, the Member or non-Member will only be assessed one Network Connectivity Testing and Certification Fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection, and (ii) Section 5) of the Exchange's Fee Schedule, the Member or non-Member will only be assessed one Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

In particular, regarding Network Connectivity Testing and Certification, new users of the Exchange's System (and existing users of the System that seek to change connectivity options) require testing and certification prior to actual use in the production environment, and are assessed fees for such testing and certification as are specified in the Exchange's Fee Schedule. Accordingly, the Exchange now proposes to amend Section 4)c) of the Fee Schedule to provide that Members utilizing the MENI to connect to the trading platforms, market data systems, test

systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Network Connectivity Testing and Certification Fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection. Further, the Exchange similarly proposes to amend Section 4)d) of the Fee Schedule to provide that non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Network Connectivity Testing and Certification Fee per connection tested, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

Regarding System Network Connectivity Fees, Members and non-Members of the Exchange are assessed fees for connectivity to the Exchange as is set forth in the Fee Schedule, depending on the connection size (e.g., 1 Gigabit, 10 Gigabit, 10 Gigabit ULL) and facility site (e.g., primary/secondary facility, disaster recovery facility). Accordingly, the Exchange now proposes to amend Section 5)a) of the Fee Schedule to provide that Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Monthly Member Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection. Further, the Exchange similarly proposes to amend Section 5)b) of the Fee Schedule to provide that non-Members utilizing the MENI to connect to the trading platforms, market data systems, test systems, and disaster recovery facilities of the Exchange and MIAX PEARL via a single, shared connection will only be assessed one Monthly Non-Member

Network Connectivity Fee per connection, regardless of the trading platforms, market data systems, test systems, and disaster recovery facilities accessed via such connection.

The proposed rule change is intended to provide greater transparency to Members and non-Members of the Exchange regarding how network connectivity testing and certification fees and network connectivity fees will be assessed by the Exchange when Members and non-Members establish network connectivity to the Exchange and MIAX PEARL via a single, shared network connection by explicitly stating that each such connection will only be charged once per connection. The Exchange believes that clarifying regarding how network connectivity testing and certification fees and network connectivity fees will be assessed by the Exchange will benefit all market participants by assisting them in the decision-making process to connect to the Exchange and further their readiness to use the MIAX PEARL System.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Sections 6(b)(4) of the Act,⁷ in that it is an equitable allocation of reasonable fees and other charges among Exchange Members and other persons using its facilities, and Section 6(b)(5) of the Act,⁸ 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.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78f(b)(5).

The proposed rule change furthers the objectives of Section 6(b)(4) of the Act⁹ because it will apply equally to all Exchange participants who test and/or use a single, shared connection to access the Exchange and MIAX PEARL. The Exchange believes that assessing all Exchange participants only one connectivity fee for each single, shared connection to both the Exchange and MIAX PEARL is reasonable, equitable and not unfairly discriminatory because it makes the fees consistent between the Exchange and MIAX PEARL for use of the MENI to access both exchanges.

The proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁰ in that it is designed to protect investors and the public interest and to promote just and equitable principles of trade by providing greater transparency to Members and non-Members of the Exchange regarding how network connectivity testing and certification fees and network connectivity fees will be assessed by the Exchange when Members and non-Members establish network connectivity to the Exchange and MIAX PEARL via a single, shared network connection by explicitly stating that each such connection will only be charged once per connection.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes would increase both intermarket and intramarket competition by defining the assessments of such network connectivity testing and certification fees and network connectivity fees for all users of the Exchange, thereby creating greater clarity around the Exchange's assessment of such fees for participants that wish to begin using MIAX PEARL's System through its existing MIAX Options' network connection and to continue using

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78f(b)(5).

the Exchange's facilities through the same shared connection, thereby enabling a potential user of both systems to assess the competitive nature of the fees. This should benefit all market participants and improve competition on the Exchange.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposal will enhance competition, because market participants will have more clarity surrounding how they will be assessed the network connectivity testing and certification fees and network connectivity fees if they desire to connect to both the MIAX Options and MIAX PEARL through the MENI and will also understand that they will not be double charged for these network fees for using the same, shared connections to both exchanges.

B. 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,¹¹ and Rule 19b-4(f)(2)¹² thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such 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

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹² 17 CFR 240.19b-4(f)(2).

takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-MIAX-2017-05 on the subject line.

Paper comments:

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

All submissions should refer to File No. SR-MIAX-2017-05. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-MIAX-2017-05, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Eduardo A. Aleman
Assistant Secretary

¹³ 17 CFR 200.30-3(a)(12).