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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85371; File No. SR-MIAX-2019-13]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule

March 20, 2019.

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 March 8, 2019, 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 Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the "Fee Schedule") to amend the MIAX Options Fee Schedule (the "Fee Schedule") to modify the manner in which the Exchange assesses its Fees for Customer Orders Routed to Another Options Exchange ("Routing Fees") in order to align its Routing Fees and its Routing Fees rule text to the Routing Fees and Routing Fees rule text adopted by the Exchange's affiliate, MIAX PEARL, LLC ("MIAX PEARL"),[3] and to make a non-substantive technical correction.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release Nos. 80061 (February 17, 2017), 82 FR 11676 (February 24, 2017)(SR-PEARL-2017-10); 82017 (November 6, 2017), 82 FR 52342 (November 13, 2017)(SR-PEARL-2017-36). See also SR-PEARL-2019-06 (Proposal to amend the routing fee table, filed on February 28, 2019).

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 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

Currently, the Exchange assesses a Routing Fee to market participants on all Public Customer[4] orders routed to and executed on an away market that is equal to the amount charged by the away market to which such orders were routed and executed. The Exchange also pays any rebate offered by an away market. Such market participants are also currently assessed a Fixed Fee Surcharge of $0.10 per contract by the Exchange, which is added to the fee charged, or

[4] "Public Customer" refers to all Members of the Exchange other than Priority Customers. "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. "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s). See Exchange Rule 100.

netted against the rebate paid, by an away market. The Fixed Fee Surcharge applies to both Mini and Standard Option contracts.

The Exchange proposes to modify the manner in which it assesses its Routing Fees. Specifically, the Exchange proposes to assess the amount of the applicable fee, if any, based upon (i) the origin type of the order, (ii) whether or not it is an order for standard option classes in the Penny Pilot Program[5] ("Penny classes") or an order for standard option classes which are not in the Penny Pilot Program ("Non-Penny classes") (or other explicitly identified classes), and (iii) to which away market it is being routed. This assessment practice is identical to the Routing Fees assessment practice currently utilized by the Exchange's affiliate, MIAX PEARL. The purpose of the proposed rule change is to align the Routing Fees and Routing Fees rule text of the Exchange to the Routing Fees and Routing Fees rule text adopted by the Exchange's affiliate, MIAX PEARL.[6]

The Exchange also proposes to assess Routing Fees to all market participants, not just Public Customers. The Exchange proposes to assess Priority Customers a lower Routing Fee than its Public Customers. The purpose of assessing Routing Fees to all market participants including Priority Customers is to recoup the costs that the Exchange incurs as a result of all orders which are routed away from the Exchange, not just those incurred from Public Customer orders.

The Exchange proposes to assess Routing Fees to all market participants according to the following table:

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5 See Securities Exchange Act Release No. 84864 (December 19, 2018), 83 FR 66778 (December 27, 2018) (SR-MIAX-2018-38) (extending the Penny Pilot Program from December 31, 2018 to June 30, 2019).

6 See supra note 3.

c) Fees for Customer Orders Routed to Another Options Exchange

Description	Fees
Routed, Priority Customer, Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq MRX, Nasdaq PHLX (except SPY), Nasdaq BX Options	$0.15
Routed, Priority Customer, Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, Nasdaq GEMX, Nasdaq ISE, NOM, Nasdaq PHLX (SPY only), MIAX Emerald, MIAX PEARL	$0.65
Routed, Priority Customer, Non-Penny Pilot, to: NYSE American, BOX, Cboe, Cboe EDGX Options, Nasdaq ISE, Nasdaq MRX, Nasdaq PHLX, Nasdaq BX Options	$0.15
Routed, Priority Customer, Non-Penny Pilot, to: NYSE Arca Options, Cboe BZX Options, Cboe C2, MIAX PEARL, MIAX Emerald, Nasdaq GEMX, NOM	$1.00
Routed, Public Customer that is not a Priority Customer, Penny Pilot, to: NYSE American, NYSE Arca Options, Cboe BZX Options, BOX, Cboe, Cboe C2, Cboe EDGX Options, Nasdaq GEMX, Nasdaq ISE, Nasdaq MRX, MIAX PEARL, MIAX Emerald, NOM, Nasdaq PHLX, Nasdaq BX Options	$0.65
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: NYSE American, Cboe, Nasdaq PHLX, Nasdaq ISE, Cboe EDGX Options	$1.00
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe C2, BOX, Nasdaq MRX, Nasdaq BX Options, NOM, MIAX PEARL, MIAX Emerald	$1.15
Routed, Public Customer that is not a Priority Customer, Non-Penny Pilot, to: Cboe BZX Options, NYSE Arca Options, Nasdaq GEMX	$1.25

In determining its Routing Fees, the Exchange takes into account transaction fees and rebates assessed by the away markets to which the Exchange routes orders, as well as the Exchange's clearing costs,[7] administrative, regulatory, and technical costs associated with routing orders to an away market. The Exchange uses unaffiliated routing brokers to route

[7] The OCC amended its clearing fee from $0.01 per contract side to $0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 27, 2014) (SR-OCC-2014-05).

orders to the away markets; the costs associated with the use of these services are included in the Routing Fees specified in the Fee Schedule. This Routing Fees structure is not only similar to the Exchange's affiliate, MIAX PEARL, but is also comparable to the structures in place at other exchanges, such as Cboe BZX Options Exchange ("BZX Options").[8] The BZX Options fee schedule has exchange groupings, whereby several exchanges are grouped into the same category, dependent on the order's origin type and whether it is a Penny or Non-Penny Pilot class. The Exchange is proposing a similar structure but with 8 different exchange groupings, based on the exchange, order type, and option class; like that of MIAX PEARL. The Exchange believes that, by having the same Routing Fees structure used by MIAX PEARL, with more groupings, it will offer the Exchange greater precision in covering its costs associated with routing orders to away markets. The per-contract transaction fee amount associated with each grouping closely approximates the Exchange's all-in cost (plus an additional, non-material amount) to execute that corresponding contract at that corresponding exchange. For example, to execute a Priority Customer order in a Penny Pilot symbol at NYSE American costs the Exchange approximately $0.15 a contract. Since this is also the approximate cost to execute that same order at BOX, the Exchange is able to group NYSE American and BOX together in the same grouping. The Exchange notes that in determining the appropriate groupings, the Exchange considers the transaction fees and rebates assessed by away markets, and groups exchanges together that assess transaction fees for routed orders within a similar range. This same logic and structure applies to all of the groupings in the Routing Fees table. The Exchange believes that the Exchange's current structure of simply passing on the actual charge plus a mark-up can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-

[8] This is similar to the methodologies utilized by BZX Options in assessing Routing Fees. See Cboe BZX Options Exchange Fee Schedule under "Fee Codes and Associated Fees".

dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange which is currently used by MIAX PEARL, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Additionally, the Exchange proposes to amend the title of Section 1)c) of the Fee Schedule to remove the words "and Rebate" from the title. The Exchange notes that the title of the Section currently reads "Fees and Rebates for Customer Orders Routed to Another Options Exchange." The routing fee table as proposed does not contain any net rebates, therefore, as amended, the Exchange proposes for the title of the Section to now read "Fees for Customer Orders Routed to Another Options Exchange." The Exchange believes this will add clarity and precision with respect to the structure of its Fee Schedule.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act[9] in general, and furthers the objectives of Section 6(b)(4) of the Act[10] in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among

[9] 15 U.S.C. 78f(b).

[10] 15 U.S.C. 78f(b)(4).

its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act[11] in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes the proposed modifications in the Fee Schedule to the Routing Fees furthers the objectives of Section 6(b)(4) of the Act and are equitable and reasonable and not unfairly discriminatory because they will apply the same manner to all Members that are subject to Routing Fees. The Exchange believes the proposed Routing Fees are equitable and reasonable since they align the Exchange's manner of assessing its Routing Fees with that of its affiliate, MIAX PEARL, and those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

The Exchange believes that the proposed Routing Fees furthers the objectives of Section 6(b)(5) of the Act and are designed to promote just and equitable principles of trade and are not unfairly discriminatory because they seek to recoup costs that are incurred by the Exchange when routing orders to away markets on behalf of Members. Each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets. The costs to the Exchange primarily include transaction fees assessed by the away markets to which the Exchange routes orders, in addition to the Exchange's clearing costs,

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[11] 15 U.S.C. 78f(b)(5).

administrative, regulatory and technical costs associated with routing options. The Exchange believes that the proposed Routing Fees would better enable the Exchange to recover the costs it incurs to route orders to away markets in addition to transaction fees assessed to market participants for the execution of orders by the away market. The Exchange believes the proposed changes are 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 that the proposed changes will provide greater clarity to Members and the public regarding the Exchange's Rules. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion. By utilizing the structure proposed by the Exchange, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members.

Further, the Exchange believes that modifying the manner in which it assesses its Routing Fees by grouping exchanges together that assess transaction fees and rebates for routed orders within a similar range is reasonable and not unfairly discriminatory. Specifically, the Exchange believes that the Exchange's current structure of assessing a Fixed Fee Surcharge of $0.10 per

contract by the Exchange, which is added to the fee charged, or netted against the rebate paid, by an away market can be administratively burdensome, particularly when multiple, third-party, unaffiliated routing broker-dealers are used to route and execute the orders at the away market. This is because the routing broker-dealers have different billing policies and practices, and it often can take several hours per month reconciling trades and bills at the end of each month. By utilizing the structure proposed by the Exchange which is currently used by MIAX PEARL, the Exchange will know immediately the cost of the execution and it can eliminate the administratively burdensome month end reconciliation process, as well as provide more certainty and transparency for execution costs to its Members for the execution of orders that are routed to away markets. The Exchange believes it is reasonable, equitable, and not unfairly discriminatory to eliminate passing through any rebate amount (that is, netting the rebate against the Exchange's $0.10 charge), as the amount of any such rebate was negligible. The Exchange notes that because the amount of volume that the Exchange routes to away markets is de minimis, the Exchange does not receive the higher rebate amounts offered in the higher tiers of the away markets. Therefore, eliminating that rebate is reasonable because the amount was immaterial. Further, those Members which are Members of both the Exchange and MIAX PEARL will be assessed Routing Fees in the same manner, which the Exchange believes will minimize any confusion as to the method of assessing Routing Fees between the two exchanges for those Members. Additionally, the Exchange notes that it will continue to monitor the transaction fees and rebates assessed by the away market to determine the appropriate exchange groupings within which to group the away markets.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to assess lower routing fees to Priority Customer orders than to Public Customer orders. A Priority

Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The routing fees for Priority Customer orders are based on the fees charged by the away market for the execution of such orders, therefore it is reasonable and appropriate for the routing fees to be lower than the routing fees for Public Customer orders, as this is the fee construct at the away markets.

Lastly, the Exchange believes that the proposed non-substantive, technical correction furthers the objectives of Section 6(b)(4) of the Act and 6(b)(5) of the Act in that the change is equitable and reasonable and not unfairly discriminatory because this proposal is intended only as a technical correction to update to the title of Section 1)c) of the Fee Schedule to accurately reflect that this Section is a fee and not a rebate, which does not have any substantive impact on the Routing Fees. The Exchange believes making this technical correction promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and protects investors and the public interest, because it would eliminate any potential confusion as a result of wording that is no longer applicable. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed Routing Fees are similar in structure to those assessed by its affiliate, MIAX PEARL, and are similar in structure and are comparable to routing fees charged by other

options exchanges.[12] 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 rebates and fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner that encourages market participants to continue to provide liquidity and to send order flow to the Exchange. Further, the Exchange does not believe that the technical correction to the routing fee table will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because the proposal is intended to eliminate any potential confusion as a result of wording that is no longer applicable. In doing so, the proposed rule change will also serve to promote clarity and consistency in the Exchange's Fee Schedule.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,[13] and Rule 19b-4(f)(2)[14] 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

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12 See supra note 8.

13 15 U.S.C. 78s(b)(3)(A)(ii).

14 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 Number SR-MIAX-2019-13 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-MIAX-2019-13. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MIAX-2019-13 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.[15]

Eduardo A. Aleman,

Deputy Secretary.

[15] 17 CFR 200.30-3(a)(12).

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