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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90251; File No. SR-MIAX-2020-33]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend Exchange Rule 518, Complex Orders and Rule 519A, Risk Protection Monitor

October 22, 2020

Pursuant to 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 October 8, 2020, Miami International Securities Exchange, LLC ("MIAX Options" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the 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; and Rule 519A, Risk Protection Monitor.

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

2 17 CFR 240.19b-4.

The text of the proposed rule change is available on the Exchange's website at http://www.miaxoptions.com/rule-filings/ at MIAX Options' 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

The Exchange proposes to amend Exchange Rule 518 and Exchange Rule 519A to facilitate the use of Related Futures Cross ("RFC") orders on the Exchange. The Exchange recently adopted the RFC order type for trading on the Exchange.[3] RFC orders provide market participants with the ability to exchange SPIKES options positions with corresponding futures positions, or to exchange corresponding futures positions with SPIKES options positions.[4]

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[3] See Securities Exchange Act Release No. 89213 (July 1, 2020), 85 FR 41077 (July 8, 2020) (SR-MIAX-2020-11).

[4] See Policy .08 of Exchange Rule 518.

Specifically, the Exchange proposes to amend Policy .05(e)(1)(iii) of Rule 518, entitled, Wide Market Condition[5] and cPRIME,[6] cC2C,[7] and cQCC[8] Orders, to facilitate the trading of RFC orders on the Exchange during wide market conditions. Currently, during free trading, if a wide market condition exists for a component of a complex strategy, trading in the complex strategy will be suspended.[9] Similarly, if a wide market condition exists for a component of a complex strategy following a Complex Auction,[10] trading in the complex strategy will be suspended.[11] cPRIME Orders, cC2C Orders, and cQCC Orders are currently excluded from this protection during wide market conditions,

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5 A "wide market condition" is defined as any individual option component of a complex strategy having, at the time of evaluation, an MBBO quote width that is wider than the permissible valid quote width as defined in Rule 603(b)(4). See Policy .05(e)(1) of Exchange Rule 518.

6 A Complex PRIME or "cPRIME" Order is a complex order (as defined in Rule 518(a)(5)) that is submitted for participation in a cPRIME Auction. Trading of cPRIME Orders is governed by Rule 515A, Interpretations and Policies .12. See Exchange Rule 518(b)(7).

7 A Complex Customer Cross or "cC2C" Order is comprised of one Priority Customer complex order to buy and one Priority Customer complex order to sell at the same price and for the same quantity. Trading of cC2C Orders is governed by Rule 515(h)(3). See Exchange Rule 518(b)(5).

8 A Complex Qualified Contingent Cross or "cQCC" Order is comprised of an originating complex order to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade, as defined in Rule 516, Interpretations and Policies .01, coupled with a contra-side complex

and the trading and processing of these orders will continue during wide market conditions.[12]

Specifically, current Policy .05(e)(1)(iii) provides that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Interpretations and Policies .12, or on the trading of cC2C and cQCC Orders pursuant to Rules 515(h)(3) and (4). Such trading and processing will not be suspended and will continue during wide market conditions.

The Exchange is proposing to also exclude RFC orders from this current trade protection provision related to wide market conditions. The Exchange proposes to amend Policy .05(e)(1)(iii) of Rule 518 to rename the title of the provision to, Wide Market Condition and cPRIME, cC2C, cQCC and RFC Orders. The Exchange also proposes to amend the text of the provision to provide that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Policy .12, or on the trading of cC2C, cQCC, or RFC Orders pursuant to Rules 515(h)(3) and (4), and Policy .08 of this Rule respectively. Such trading and processing will not be suspended and will continue during wide market conditions.

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order or orders totaling an equal number of contracts. Trading of cQCC Orders is governed by Rule 515(h)(4). See Exchange Rule 518(b)(6).

9 See Policy .05(e)(1)(i) of Exchange Rule 518.

10 A "Complex Auction" is an auction of a complex order as set forth in Exchange Rule 518(d). See Exchange Rule 518(a)(3).

11 See Policy .05(e)(1)(ii) of Exchange Rule 518.

12 See Policy .05(e)(1)(iii) of Exchange Rule 518.

The Exchange also proposes to amend Policy .02, .02(a), and .02(b) of Rule 519A, to make RFC orders eligible to participate in certain Risk Protection Monitor functionality. Currently, the MIAX System[13] will maintain a counting program ("counting program") for each participating Member[14] that will count the number of orders entered and the number of contracts traded via an order entered by a Member on the Exchange within a specified time period that has been established by the Member (the "specified time period"). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular.[15] The Risk Protection Monitor maintains one or more Member-configurable Allowable Order Rate[16] settings and Allowable Contract Execution Rate settings. When a Member's order is entered or when an execution of a Member's order occurs, the System will look back over the specified time period to determine if the Member has: (i) Entered during the specified time period a number of orders exceeding their Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their Allowable Contract Execution Rate setting(s). Once engaged, the Risk Protection Monitor will then, as

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13 The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

14 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.

15 The Exchange has established a maximum duration of ten seconds. See MIAX Regulatory Circular 2016-57, Corresponding Specified Time Period for RPM Rate Settings (October 31, 2016) available at https://www.miaxoptions.com/sites/default/files/circular-files/MIAX_RC_2016_57.pdf

16 Members must establish at least one Allowable Order Rate setting, with a corresponding specified time period of not less than one second, and not to exceed ten seconds, as established by the Exchange and communicated to Members via Regulatory Circular. See Exchange Rule 519A(b).

determined by the Member: automatically either (A) prevent the System from receiving any new orders in all series in all classes from the Member; (B) prevent the System from receiving any new orders in all series in all classes from the Member and cancel all existing orders with a time-in-force of Day in all series in all classes from the Member; or (C) send a notification to the Member without any further preventative or cancellation action by the System. When engaged, the Risk Protection Monitor will still allow the Member to interact with existing orders entered prior to exceeding the Allowable Order Rate setting or the Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders. The Risk Protection Monitor shall remain engaged until the Member communicates with the Help Desk[17] to enable the acceptance of new orders.[18]

Under current Policy .02 of Rule 519A, PRIME Orders,[19] cPRIME Orders, QCC

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17 The term "Help Desk" means the Exchange's control room consisting of Exchange staff authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange. See Exchange Rule 100.

18 See Exchange Rule 519A(a).

19 PRIME is a process by which a Member may electronically submit for execution ("Auction") an order it represents as agent ("Agency Order") against principal interest, and/or an Agency Order against solicited interest. See Exchange Rule 515A(a).

Orders,[20] cQCC Orders, Customer Cross Orders,[21] cC2C Orders, and PRIME Solicitation Orders will each be counted as two orders for the purposes of calculating the Allowable Order Rate.[22]

The Exchange now proposes to amend Policy .02 to allow RFC orders to be included in the counting program by amending the text to provide that, PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, cQCC Orders, Customer Cross Orders, cC2C Orders, RFC Orders, and GTC Orders participate in the Risk Protection Monitor as follows:

(a) the System includes PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, cQCC Orders, Customer Cross Orders, cC2C Orders, RFC Orders, and GTC Orders in the counting program for purposes of this Rule;

(b) PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, cQCC Orders, Customer Cross Orders, cC2C Orders, and RFC Orders will each be counted as two orders for the purpose of calculating the Allowable Order Rate.

The Exchange believes that treating RFC orders similarly to other paired order types for purposes of the counting program will instill confidence in Members that an

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20 A Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts, or 10,000 mini-option contracts, that is identified as being part of a qualified contingent trade, as that term is defined in Interpretations and Policies .01 of Rule 516, coupled with a contra-side order or orders totaling an equal number of contracts. A Qualified Contingent Cross Order is not valid during the opening rotation process described in Rule 503. See Exchange Rule 516(j).

21 A Customer Cross Order is comprised of a Priority Customer Order to buy and a Priority Customer Order to sell at the same price and for the same quantity. A Customer Cross Order is not valid during the opening rotation process described in Rule 503. See Exchange Rule 516(i).

22 See Policy .02(b) of Exchange Rule 519A.

unusually high number of orders submitted within a specified time period will be accurately counted in regards to the possible engagement of the Risk Protection Monitor to prevent additional orders from being transmitted to the Exchange.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act[23] in general, and furthers the objectives of Section 6(b)(5) of the Act[24] 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.

The Exchange's proposal to exclude RFC orders from the wide market condition trade protection promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system and in general, protects investors and the public interest. Allowing RFC orders to continue to trade during wide market conditions is consistent with the Exchange's treatment of other paired order types such as cPRIME, cC2C, and cQCC orders. cPRIME Orders, cC2C Orders, and cQCC Orders are all received with either a paired Agency Order (in the case of a PRIME and cPRIME Orders) or a contra-side order or orders. cPRIME and cC2C orders are received with an execution price at least $0.01 better than (inside) the

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[23] 15 U.S.C. 78f(b).

[24] 15 U.S.C. 78f(b)(5).

icMBBO[25] price or the best net price of a complex order on the Strategy Book,[26] whichever is more aggressive. cQCC Orders are received with an execution price that (i) is not at the same price as a Priority Customer Order[27] on the Exchange's Book;[28] and (ii) is at or between the NBBO.[29] An RFC order is comprised of a SPIKES options combo coupled with a contra-side order or orders totaling an equal number of SPIKES option combo orders, which is identified to the Exchange as being part of an exchange of option contracts for related futures positions.[30] In order to execute an RFC order an EEM[31] must submit the RFC order to the System, which may execute automatically without exposure.[32] An EEM may execute an RFC order pursuant to the previous statement only if: (i) each option leg executes at a price that complies with Exchange Rule 518(c), provided that no option leg executes at the same price as a Priority Customer Order in the

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25 The Implied Complex MIAX Best Bid or Offer ("icMBBO") is a calculation that uses the best price from the Simple Order Book for each component of a complex strategy including displayed and non-displayed trading interest. See Exchange Rule 518(a)(11). The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

26 The "Strategy Book" is the Exchange's electronic book of complex orders and complex quotes. See Exchange Rule 518(a)(17).

27 The term "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 account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01 hereto. See Exchange Rule 100.

28 The term "Book" means the electronic book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

29 See Exchange Rule 515(h)(4). The term "NBBO" means the national best bid or offer as calculated by the Exchange based on market information received by the Exchange from the appropriate Securities Information Processor ("SIP") See Exchange Rule 518(a)(14).

30 See Policy .08(a) of Exchange Rule 518.

Simple Book;[33] (ii) each option leg executes at a price at or between the NBBO for the applicable series; and (iii) the execution price is better than the price of any complex order resting in the Strategy Book, unless the RFC order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may the same as or better than the price of the resting complex order. The System cancels an RFC order it if cannot execute.[34] Therefore, these order types, all of which consist of paired orders with execution price requirements, are not affected by wide market conditions because they may only be executed at or inside of their obligatory prices, and as such are appropriately excluded from this trade protection feature.

The Exchange's proposal to include RFC orders in the Exchange's Risk Protection Monitor promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by treating RFC orders similarly to other paired orders for purposes of the Risk Protection Monitor counting program.

The Exchange's proposal to add RFC orders to the list of order types to which Policy .02 and .02(a) of Rule 519A applies; and to the list of order types to be counted as two orders for purposes of calculating the Allowable Order Rate in Policy .02(b) of Rule 519A, perfects the mechanisms of a free and open market and a national market system

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31 The term "Electronic Exchange Member" or "EEM" means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

32 See Policy .08(a)(1) of Exchange Rule 518.

33 The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

34 See Policy .08(a)(2) of Exchange Rule 518.

by assisting investors in managing their acceptable risk levels respecting open orders. The submission of a single message into the System for the execution of a paired order type is a submission representing two orders, and the Risk Protection Monitor counts them as such for purposes of calculating the Allowable Order Rate. Participants thus will know that their single message for these order types represents two orders for purposes of the counting system and may determine their appropriate risk tolerance parameters accordingly.

The Exchange believes that the proposed amendments to its trade protection rules should instill additional confidence in Members that submit orders to the Exchange that their risk tolerance levels are protected, and thus should encourage such Members to submit additional order flow and liquidity to the Exchange with the understanding that they retain necessary protections and avoid unnecessary protections with respect to all orders they submit to the Exchange, including complex orders, thereby removing impediments to and perfecting the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest

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

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

The Exchange believes its proposal will promote intra-market competition by ensuring that RFC orders are eligible to trade during wide market conditions, similar to other paired order types. Additionally, including RFC orders in certain trade protections available on the Exchange enables MIAX Options participants to submit more orders to

the Exchange knowing that risk protection measures are in place. The proposal applies equally to all market participants and should benefit intra-market competition accordingly.

The Exchange's proposal is limited to transactions involving a Proprietary Product[35] of the Exchange, and therefore has no impact on inter-market competition.

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 Act[36] and Rule 19b-4(f)(6)[37] thereunder.

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35 The term "Proprietary Product" means a class of options that is listed exclusively on the Exchange and any of its affiliates. See Exchange Rule 100.

36 15 U.S.C. 78s(b)(3)(A).

37 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.

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. Please include File Number SR-MIAX-2020-33 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-2020-33. 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 offices 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-2020-33, and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[38]

J. Matthew DeLesDernier,

Assistant Secretary.

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[38] 17 CFR 200.30-3(a)(12).