



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70877; File No. SR-MIAX-2013-48)

November 14, 2013

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend MIAX Rules 1302, 1304 and the MIAX Options Fee Schedule

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 1, 2013, 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 MIAX Rules 1302, Registration of Representatives, and 1304, Continuing Education for Registered Persons, and 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/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 1302, Registration of Representatives, to state in the Exchange's rules that a person engaged solely in proprietary trading on the Exchange is required to register with the Exchange and to be qualified by passing the Proprietary Traders Qualification Examination (Series 56),³ except that person engaged in proprietary trading on the Exchange who has passed the General Securities Registered Representative Examination (Series 7) and maintains a Series 7 registration shall not be required to pass the Proprietary Traders Qualification Examination (Series 56). The Exchange believes that the Series 7 exam is more comprehensive and inclusive than the Series 56 exam, and therefore obviates the need for a Series 7 qualified person to take and pass the Series 56 exam.

The Exchange also proposes to amend MIAX Rule 1304, Continuing Education for Registered Persons, to specify the different Continuing Education ("CE") requirements for registered persons based upon their registration with the Exchange. This change will authorize the Exchange to administer different CE programs to differently registered individuals while

³ Members that are individuals and associated persons of Members engaged or to be engaged in the securities business of a Member shall be registered with the Exchange in the category of registration appropriate to the function to be performed in a form and manner prescribed by the Exchange. Before the registration can become effective, the individual Member or individual associated person shall submit the appropriate application for registration, pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange and submit any required registration and examination fees. See Exchange Rule 203(a). This part of the proposed rule change is intended to clarify who may take the Series 56 exam as required by the Exchange.

bringing clarity to Members about what CE requirement they must fulfill. More specifically, the Exchange is proposing to adopt, and to enumerate in Rule 1304, the following Regulatory Element programs: (1) the S201 Supervisor Program for registered principals and supervisors; (2) the S501 Proprietary Trader Continuing Education Program for Series 56 registered persons; and (3) the S101 General Program for Series 7 and all other registered persons.

Additionally, the Exchange is proposing to amend its Fee Schedule to adopt fees for the above CE programs and to adopt a fee for the Series 56 Examination. Specifically, the Exchange is now proposing to adopt a \$60 Session Fee for those Market Makers and ROTs that are solely registered with the (“Series 56”) [sic] registration, a \$100 Session Fee for all other registrations, and a \$195 fee for the Series 56 examination.

Background

Currently, Exchange Rule 1304(a) states that each registered person shall complete the Regulatory Element of the CE program on the occurrence of their [sic] second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. The Regulatory Element is a computer-based education program administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Securities Industry Regulatory Council on Continuing Education to help ensure that registered persons are kept up to date on regulatory, compliance and sales practice matters in the industry. The Exchange is proposing to enumerate in Rule 1304(a), which governs the Regulatory Element, the S201 Supervisor Program for registered principals and supervisors, the S501 Proprietary Trader Continuing Education Program for Series 56 registered persons, and the S101 General Program for Series 7 and all other registered persons.

The Regulatory Element

The proposed rule change specifies the Continuing Education Requirements for associated persons. The Proprietary Trader Continuing Education Program (S501) is required for those registrants who registered as Proprietary Traders⁴ by passing the Series 56 and do not maintain any other registration through CRD. Individuals that are registered under any other registration are required to maintain the CE obligations associated with those registrations. For example, an individual that is registered as a proprietary trader⁵ with the Exchange yet continues to maintain a Series 7 registration will be required to take the S101 General Program for Series 7 (S101), which applies to persons with a Series 7 registration.⁶ The Proprietary Trader Continuing Education Program allows the Exchange to tailor its CE requirements more closely to those individuals registered only as Proprietary Traders. More specifically, the Exchange believes that permitting individuals engaging in proprietary trading and registered under the Series 56 to complete a separate CE Program than those maintaining a Series 7 registration is appropriate as all individuals have the option of taking either test. In comparison to the Series 7, the Series 56 Examination is more closely tailored to the practice of proprietary trading while the Series 7 is more comprehensive. As such, the Exchange believes a Series 56 CE Program should be tailored as well. At the same time, if an individual would like to remain registered as a Series

⁴ Proprietary traders on the Exchange are Market Makers and Registered Option Traders. The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100. Market Maker quotations and orders may be submitted to the System only by Registered Option Traders (“ROT”). An ROT is permitted to enter quotes and orders only for the account of the Market Maker with which he is associated. See Exchange Rule 601(a). ROTs may be: (i) individual Members registered with the Exchange as Market Makers, or (ii) officers, partners, employees or associated persons of Members that are registered with the Exchange as Market Makers. See Exchange Rule 601(b)(1).

⁵ Id.

⁶ A person accepting orders from non-member customers (unless such customer is a broker-dealer registered with the Securities and Exchange Commission) is required to register with the Exchange and to be qualified by passing the General Securities Registered Representative Examination (Series 7). See Exchange Rule 1302(d).

7, the Exchange believes it is appropriate they [sic] continue to complete the broader CE program. As stated above, though an individual maintaining a Series 7 registration may be engaging in the same capacity as one registered as a Proprietary Trader, because the Series 7 Examination is a more comprehensive exam, the Exchange believes that such individual that continues to maintain a Series 7 registration should complete a CE that covers all aspects of his or her registration.

Amendments to the Fee Schedule

The Exchange proposes to adopt a \$60 Session Fee to fund CE sessions administered to Members that are registered only under the Series 56, and a \$100 Session Fee to fund both the development and administration of a CE program that is applicable to all other CE sessions for registrants that are required to take any other examination(s). The Exchange anticipates that other exchanges will assess corresponding fees for the S501 CE program.

The Exchange believes that the new fees are reasonable and proportional based upon the programming of the CE. The Exchange proposes a \$60 session fee in order to cover the costs of administration of the S501 CE Program. Specifically, the \$60 session fee will be used to fund the S501 CE Program administered to persons registered only as Proprietary Traders who are required to complete the S501 CE Program. The \$60 session fee is less than the existing \$100 session fee currently charged by FINRA through CRD for the existing CE Programs, including the S101 CE Program, because the fees associated with the existing CE Programs are utilized for both development and administration, whereas the \$60 session fee for the S501 CE Program only covers the administration of the program. The costs associated with the development and maintenance of the S501 CE Program are included in the Series 56 Examination fee. The Exchange anticipates that the other Participating SROs will adopt, or have adopted, the same \$60 session fee applicable to completion of the S501 CE Program.

In addition, the Exchange proposes to amend its Fee Schedule to adopt a \$195 fee per registered person that chooses to complete the Series 56 Examination. The Fee Schedule does not currently set forth the examination fees for other qualification examinations required or accepted by the Exchange because these programs are within FINRA's jurisdiction. The Series 56 Examination, however, is a limited registration category that is not recognized by FINRA under its registration rules. However, as with existing non-FINRA examinations, FINRA administers the Series 56 Examination and collects the \$195 fee through CRD on behalf of the SROs that developed and maintain the exam. Additionally, only one \$195 fee would be charged through CRD for a registered person completing the Series 56 Examination, even if such registered person's firm was a member of multiple exchanges. The Exchange anticipates that the other Participating SROs will adopt, or have adopted, the same \$195 fee applicable to completion of the Series 56 Examination.

2. Statutory Basis

The Exchange believes its proposed rule change is consistent with Section 6(c) of the Act⁷ in general, and in particular, furthers the objectives of Section 6(c)(3) of the Act,⁸ which authorizes the Exchange to prescribe standards of training, experience and competence for Members and persons associated with the Members. The proposed rule change would codify the existing requirements for Members and their associated persons while also specifying the new S501 CE Program requirement for persons registered only as Proprietary Traders. The Exchange believes the proposed changes are reasonable and set forth the appropriate CE requirements for persons required to register under Exchange Rules and therefore will contribute to ensuring that registered persons of Members are properly trained. In this regard, the Exchange believes that

⁷ 15 U.S.C. 78f(c).

⁸ 15 U.S.C. 78f(c)(3).

the S501 CE Program is the appropriate CE Program for persons registered only as Proprietary Traders because the S501 CE Program is specifically tailored toward proprietary trading. Individuals who maintain any other registration would be required to complete the CE Program associated with their other registration, even if simultaneously registered as Proprietary Traders, because the other CE Program would be more comprehensive and tailored to that registration category. The Exchange also believes that the proposed rule change is reasonable because the other Participating SROs will adopt, or have adopted, rules requiring completion of the S501 CE Program for registered Proprietary Traders.

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(4) and 6(b)(5) of the Act in particular, in that it is an equitable allocation of reasonable fees and other charges.

In particular, the proposed \$60 Session Fee is equitable and not unfairly discriminatory as it is allocated to all individuals that are registered only under the Series 56. The Exchange believes that the proposed \$60 Session Fee is reasonable. While the \$60 Session Fee is less than the existing \$100 Session Fee currently charged by FINRA through CRD for the existing CE Programs, including the S101 CE Program, the fees associated with the existing CE Programs are utilized for both development and administration, whereas the \$60 Session Fee for the S501 CE Program covers only the administration of the program. The costs associated with the development and maintenance of the S501 CE Program are included in the Series 56 Examination fee. The Exchange also believes that the fee is reasonable because the other Participating SROs will adopt, or have adopted, the same \$60 session fee applicable to completion of the S501 CE Program. The Exchange also believes that the proposed rule change is reasonable because it will specify the existing \$100 Session Fee applicable to registered persons of Members who are subject to CE requirements, which is collected by FINRA through

CRD. Finally, the Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because all registered persons of Members that are subject to CE requirements would be treated the same, as is currently the case. Therefore, any registered person of a Member that is required to complete the S501 CE Program would be subject to the corresponding \$60 Session Fee.

The proposed fee is designed to allow FINRA to cover its cost of administering the Series 56 Examination on behalf of the Exchange. The Exchange believes that the proposed \$195 Series 56 Examination fee is also reasonable because it is designed to reflect the costs of maintaining and developing the Series 56 Examination, as well as the development and maintenance of the S501 CE Program, and to ensure that the examination's content is, and continues to be, adequate for testing the competence and knowledge generally applicable to proprietary trading.

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 does not believe that the administrative changes being made, nor the introduction of the S201, S501 and S101 requirements, will affect intermarket competition because the Exchange believes that other exchanges offering the same CE requirements will file similar rules addressing those CE programs. In addition, the Exchange does not believe the proposed changes will affect intramarket competition because all registered persons maintaining the same registrations are required to complete the same CE requirements. For example, all individuals maintaining a Series 7 registration will be required to complete the Series 7 CE while all individuals maintaining a Series 56 registration (and no other registrations) will be required to

complete the Series 56 CE.

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 Act⁹ and Rule 19b-4(f)(6)¹⁰ 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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 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.

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

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2013-48 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2013-48. 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 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-2013-48 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.¹¹

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2013-27757 Filed 11/19/2013 at 8:45 am; Publication Date: 11/20/2013]

¹¹ 17 CFR 200.30-3(a)(12).