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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78974; File No. SR-MIAX-2016-34)

September 29, 2016

Self-Regulatory Organizations; Miami International Securities Exchange LLC ; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 519C, Mass Cancellation of Trading Interest

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on September 22, 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 519C, Mass Cancellation of Trading Interest.

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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 519C, Mass Cancellation of Trading Interest, to adopt new section (b) to provide that Exchange staff, upon request from a Member,⁴ may remove all quotations⁵ and cancel all orders⁶ in the System⁷ and block new incoming quotations and orders from entering the System. The block will remain in effect until the Member contacts Exchange staff⁸ to have the block removed. The Exchange is also proposing to make technical amendments to the Rule as described below.

The proposal would allow a Member to submit a request to remove all of its outstanding quotations and cancel all of its open orders and block all new inbound quotations and orders by

⁴ The term "Member" means an individual or organization approved to exercise trading rights associated with a Trading Permit. Members are deemed "members" under the Act. See Exchange Rule 100.

⁵ The term "quotation" or "quote" means a bid or offer entered by a Market Maker that is firm and may update the Market Maker's previous quote, if any. The Rules of the Exchange provide for the use of different types of quotes, including Standard quotes and eQuotes, as more fully described in Exchange Rule 517. A Market Maker may, at times, choose to have multiple types of quotes active in an individual option. See Exchange Rule 100.

⁶ The term "order" means a firm commitment to buy or sell option contracts. See Exchange Rule 100.

⁷ The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁸ The Exchange's Help Desk would receive such communication. The Help Desk is 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.

firm name or Market Participant Identifier (“MPID”). The form of such requests includes, but is not limited to, email or a phone call from authorized individuals. The removal of quotes and the cancellation of orders as described herein does not disconnect Members from the Exchange’s System.

The Exchange is also proposing to make technical amendments to Exchange Rule 519C. The Exchange proposes to add a new heading entitled “Cancel” to the first paragraph, and also proposes to identify the first paragraph with the letter “(a)” for clarity and ease of reference. Additionally, the Exchange proposes to make a clarifying change to the wording of the first paragraph. The paragraph currently states that, “[a] Member may cancel all of its quotations and/or all or any subset of its orders [...]” The Exchange proposes to replace the word “cancel” with “remove” and to insert the word “cancel” after “and/or,” as this language more accurately describes the actions being performed by the Exchange. Further, this language is consistent with the rule text of another exchange that offers similar functionality.⁹ Additionally, the Exchange is proposing to insert language indicating that a Member may effect the removal of its quotations and/or the cancellation of its orders, “by firm name or by Market Participant Identifier (“MPID”)”.

The purpose of the proposed rule change is to add an additional risk control mechanism for Members. The Exchange has a number of other rules covering risk management processes available to Members and it believes this capability will provide Members with an additional risk management tool and enhance transparency in the Exchange’s rules. Additionally, the proposed technical change to the rule adds greater clarity and precision to the rule text.

⁹ See BOX Options Exchange LLC (“BOX”), Rule 7280.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act¹¹ 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 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 proposed rule adds another risk protection tool for Members and provides that the Exchange may take action on their behalf. The proposed rule protects investors and the public interest by increasing the number of risk protection tools available to Members on the Exchange. The Exchange notes that a similar rule is currently operative on another exchange.¹²

The technical amendments organize the rule text and clarify the actions being performed by the Exchange and are intended to remove impediments to and perfect the mechanisms of a free and open market by adding precision and ease of reference to the Exchange's rules, thus promoting transparency and clarity for Exchange Members. Additionally, harmonizing the language in the rule text to that of another exchange that offers similar functionality will minimize any confusion regarding the actions being performed by the Exchange under the proposed rule.

The Exchange notes that the proposed rule change will not relieve Exchange Market Makers of their continuous quoting obligations under Exchange Rule 604 and under Reg NMS

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² See supra note 9.

Rule 602.¹³ Specifically, any interest that is executable against a Member's quotes and orders that is received by the Exchange prior to the time the removal of quotes or cancellation of orders request is received by the System will automatically execute at the price up to the Member's size. Market Makers that request their quotes be removed will not be relieved of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet their continuous quoting obligation each trading day.

The proposed rule change is intended to remove impediments to and perfect the mechanisms of a free and open market by introducing additional risk protection tools for Exchange Members and by adding precision and ease of reference to the Exchange's rules, thus promoting transparency and clarity for Exchange Members.

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 the proposed rule change will not impose any burden on intra-market competition because every Member of the Exchange has the opportunity to benefit from the procedure described in the proposed rule. The proposed rule is meant to provide all Members with the same protection in the event the Member is experiencing an issue that would require the Member to withdraw its quotations and cancel its orders from the market and prevent new quotations and orders from being received in order to ensure a fair and orderly market on the Exchange.

¹³ 17 CFR 242.602.

The Exchange believes the proposed rule change will not impose any burden on inter-market competition because the process of cancellation of quotations and orders on the Exchange is substantially similar to processes currently operative on other exchanges.¹⁴

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.

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 Act¹⁵ and Rule 19b-4(f)(6)¹⁶ 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

¹⁴ See supra note 9.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 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.

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-2016-34 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.

All submissions should refer to File Number SR-MIAX-2016-34. 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; 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-2016-34 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.¹⁷

Robert W. Errett
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

