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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80853; File No. SR-MIAX-2017-25)

June 2, 2017

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend MIAX Options Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors

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 May 30, 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 and II 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 make a technical amendment to Exchange Rule 521, Nullification and Adjustment of Options Transactions including Obvious Errors.

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 is proposing a technical change to delete obsolete Rule 521(l)(5), Complex Order Obvious Errors, from the Exchange's Rules.

Background

In 2015, the Exchange, in concert with the other then-existing U.S. options exchanges, adopted harmonized rules related to the adjustment and nullification of erroneous options transactions and coordination among the Exchanges in connection with large-scale events involving erroneous options transactions.³ The Exchange believes that the changes the options exchanges implemented with the new, harmonized rule have led to increased transparency and finality with respect to the adjustment and nullification of erroneous options transactions. However, as part of that initiative, the Exchange and other options exchanges deferred a few specific matters for further discussion, among them the manner in which erroneous transactions in complex orders would be handled.

In October, 2016, the Commission approved a proposed rule change that permitted the Exchange to adopt new rules to govern the trading of complex orders (the "Complex Orders Filing").⁴ Among the rules adopted in the Complex Orders Filing was Rule 521(l)(5), Complex Order Obvious Errors, which was not included in the industry-wide, harmonized rules described

³ See Securities Exchange Act Release No. 74918(May 8, 2015), 80 FR 27781 (May 14, 2015)(SR-MIAX-2015-35).

⁴ See Securities Exchange Act Release No. 79072(October 7, 2016), 81 FR 71131 (October 14, 2016)(SR-MIAX-2016-26).

above.⁵ Rule 521(l)(5) governs the handling of complex orders in situations where one or more components of a complex order is eligible to be adjusted or nullified under Rule 521(c)(4), Adjust or Bust.⁶

Since the industry-wide adoption of the harmonized rules, the options exchanges have been working together to identify ways to improve the process related to the adjustment and nullification of erroneous options transactions as it relates to complex orders and stock-option orders.⁷ The goal of the process that the options exchanges have undertaken is to further harmonize rules related to the adjustment and nullification of erroneous options transactions. Accordingly, as the culmination of this coordinated effort, the exchanges that offer complex orders and/or stock-option orders (including the Exchange) universally adopted new provisions that the options exchanges collectively believe will improve the handling of erroneous options transactions that result from the execution of complex orders and stock-option orders.⁸

Proposal

These harmonized provisions are set forth in recently-adopted Interpretations and Policies .03 to Rule 521.⁹ Interpretations and Policies .03 to Rule 521 should have replaced current Rule 521(l)(5) as the controlling Rule governing the manner in which the Exchange handles Obvious Errors in complex orders on the Exchange. The Exchange, however, inadvertently omitted the

⁵ See supra note 3.

⁶ If it is determined that an Obvious Error has occurred, the Exchange shall take one of the actions listed in Rule 521(c)(4). Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone. See Exchange Rule 521(c)(4).

⁷ See Exchange Rule 518(a)(5) (defining complex orders and stock-option orders).

⁸ Exchanges that do not offer complex orders and/or stock-option orders did not adopt these new provisions.

⁹ See Securities Exchange Act Release No. 80284(March 21, 2017), 82 FR 15251 (March 27, 2017)(SR-MIAX-2017-13) (the “Complex Obvious Error Filing”).

deletion of Rule 521(l)(5) from its Rules in the Complex Obvious Error Filing. Accordingly, the Exchange is proposing herein to delete obsolete Rule 521(l)(5) from its Rules as a technical matter.

The proposed deletion of Rule 521(l)(5) is intended to avoid the possibility of confusion between Rule 521(l)(5) and Interpretations and Policies .03 to Rule 521, and to eliminate any potential conflict in the Exchange's Rules in this regard. Interpretations and Policies .03 tracks the harmonized rules of the exchanges that offer and trade complex orders, and the Exchange believes that it is appropriate to establish one single rule regarding Obvious Errors in complex orders. Accordingly, the Exchange proposes to delete current Rule 521(l)(5) from its Rules.

The Exchange notes that NYSE Arca, Inc. ("NYSEArca") also deleted its comparable provision from its Rule 6.87 (specifically, Rule 6.87(c)(5)) when it filed to adopt harmonized rules for the handling of Obvious Errors in complex orders.¹⁰

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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.

¹⁰ See Securities Exchange Act Release No. 80496 (April 20, 2017), 82 FR 19282 (April 26, 2017)(SR-NYSEArca-2017-42).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed rule change promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system because it eliminates a potentially conflicting section from Rule 521 that was erroneously left intact in the Complex Obvious Error Filing.

In particular, the Exchange believes that the proposed rule change will provide consistency and clarity to Members¹³ and the public, regarding the Exchange's Rules. Moreover, the proposed rule change eliminates a rule that could possibly be in conflict with another Exchange rule and with the harmonized rules. The Exchange believes therefore that 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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will have no impact on competition as it is not designed to address any competitive issues but rather to add additional clarity to, and remedy possible conflicts in, the Exchange's Rules.

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition as the Rules apply equally to all Exchange Members.

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.

¹³ 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.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the 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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁶ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the current conflict between Rule 521(l)(5) and Interpretations and Policies .03 to Rule 521 may be promptly removed from the Exchange's Rules, which the Exchange stated would avoid any potential confusion among participants using its facilities. The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹⁸

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of 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.

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

¹⁸ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 change 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-2017-25 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-2017-25. 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-2017-25 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.¹⁹

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Assistant Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

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