Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2021 - * 58
Amendment No. (req. for Amendments *) 1

Filing by Miami International Securities Exchange, LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☐ Amendment * ☑ Withdrawal ☐

Section 19(b)(2) * ☑ Section 19(b)(3)(A) * ☐ Section 19(b)(3)(B) * ☐

Pilot ☐ Extension of Time Period for Commission Action * ☐ Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Greg Last Name * Ziegler
Title * Senior Counsel
E-mail * [redacted]
Telephone * [redacted] Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Miami International Securities Exchange, I has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 02/22/2022
By Gregory P. Ziegler (Name *)
(Title *) Senior Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Gregory Ziegler Date: 2022.02.22 16:40:54 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View SR-MIAX-2021-58 19b4 (CPII) A1 Fin	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View SR-MIAX-2021-58 Amendment No. 1	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add Remove View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View SR-MIAX-2021-58 Exhibit 4 20220222	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View SR-MIAX-2021-58 Exhibit 5 20220222	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. **Text of the Proposed Rule Change**

(a) Miami International Securities Exchange, LLC ("MIAX" or "Exchange"), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") is proposing to adopt new Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls; amend Exchange Rule 100, Definitions; and amend Exchange Rule 518, Complex Orders. The proposed rule change (the "Original Filing") was filed on November 29, 2021, which was published for comment by the Commission.[3] No comments were received on the Original Filing. The Exchange is proposing Amendment 1 to provide more specificity to the rule change. This Amendment 1 amends and replaces the Original Filing in its entirety.

This Amendment 1 makes the following changes to the Original Filing, to: (i) clarify the operation of the Managed Protection Override;[4] (ii) clarify the operation of the Max Put Price Protection;[5] (iii) clarify the definition of a Butterfly Spread;[6] (iv) clarify the operation of the Butterfly Spread Variance ("BSV") Price Protection;[7] (v) clarify the operation of the Calendar Spread Variance ("CSV") Price Protection;[8] (vi) clarify the operation of the Vertical Spread

---

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

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 93676 (November 29, 2021), 86 FR 68695 (December 2, 2021) (SR-MIAX-2021-58).

4 See changes in Exhibit 4 to proposed Rule 532.

5 See changes in Exhibit 4 to proposed Rule 532(a)(1).

6 See changes in Exhibit 4 to proposed Rule 532(b)(1)(i).

7 See changes in Exhibit 4 to proposed Rule 532(b)(2)(ii) and (iii).

8 See changes in Exhibit 4 to proposed Rule 532(b)(3)(ii) and (iii).

Variance ("VSV") Price Protection;[9] (vii) clarify the operation of the MIAX Strategy Price Protection ("MSPP");[10] (viii) clarify the operation of the Market Maker Single Side Protection;[11] (ix) adopt rule text describing the application of price protections;[12] and (x) make non-substantive grammatical changes to the rule text.

The Exchange is adopting additional rule text to the Managed Protection Override functionality described in proposed Rule 532 to provide that, if enabled, the Managed Protection Override will apply to all of the risk protections subject to the Managed Protection Override. The Exchange believes this change will provide greater clarity on how the Managed Protection Override will function when enabled. The Exchange believes this change is reasonable as it adds more clarity to the rule text by making it clear that the Managed Protection Override, if enabled, will apply to all risk protections subject to the Managed Protection Override.

The Exchange is adopting additional rule text to the Max Put Price Protection functionality described in proposed Rule 532(a)(1) to provide a consistent use of terms within the rule text. Under the proposed Max Put Price Protection, the Exchange determines a maximum trading price limit and the Exchange proposes to use the term, "maximum trading price limit," consistently throughout the rule text. Additionally, the Exchange proposes to adopt new rule text pertaining to the handling of eQuote with an offer greater than the maximum trading price limit, as quotes and eQuotes are treated differently in the Exchange's simple market due to time in force constraints. The Exchange believes this change will provide greater clarity on how the Max Put Price Protection will operate. The Exchange believes this change is reasonable as it

---

9 See changes in Exhibit 4 to proposed Rule 532(b)(4)(ii) and (iii).

10 See changes in Exhibit 4 to proposed Rule 532(b)(5)(i).

11 See changes in Exhibit 4 to proposed Rule 532(b)(8).

12 See changes in Exhibit 4 to Interpretations and Policies .01 of proposed Rule 532.

adds more clarity to the rule text as the term “maximum trading price limit” is used consistently within the rule text, further the proposed change makes it clear that offer quotes greater than the maximum trading price limit are placed on the Book while offer eQuotes greater than the maximum trading price limit are cancelled.

The Exchange is amending the rule text to clarify adopting additional rule text to the definition of a Butterfly Spread to better define a Butterfly Spread Strategy. The proposed change will provide that all legs of a Butterfly Spread have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The Exchange believes this change will provide greater clarity on the characteristics that define a Butterfly Spread. The Exchange believes this change is reasonable as it adds more clarity to the definition of a Butterfly Spread.

The Exchange is amending the rule text to clarify the operation of the Butterfly Spread Spread Variance (“BSV”) Price Protection. The proposed change will provide a consistent use of the term maximum trading price limit in the rule text. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Butterfly Spread Strategies. The Exchange believes these changes provide greater clarity on how the Butterfly Spread Variance Price Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Butterfly Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Calendar Spread Variance (“CSV”) Price Protection. The proposed change will provide a rule structure consistent with the Butterfly Spread Variance “BSV” Price Protection. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Calendar Spread Strategies. The Exchange believes these changes provide greater clarity on how the Calendar Spread Variance Price

Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Calendar Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Vertical Spread Variance ("VSV") Price Protection. The proposed change will provide a rule structure consistent with the Calendar Spread Variance "CSV" Price Protection. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Vertical Spread Strategies. The Exchange believes these changes provide greater clarity on how the Vertical Spread Variance Price Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Vertical Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the MIAX Strategy Price Protection ("MSPP"). The proposed change clarifies the complex order types eligible for MSPP. The Exchange believes this change provides greater clarity regarding the order types that are eligible for MSPP. The Exchange believes this change is reasonable as it adds clarity to the MIAX Strategy Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Market Maker Single Side Protection. The proposed change clarifies that Market Makers will receive a message from the System when the protection has been triggered. The Exchange believes this change provides greater clarity regarding the operation of the Market Maker Single Side Protection functionality. The Exchange believes this change is reasonable as it adds clarity to the Market Maker Single Side Protection rule text.

The Exchange is adopting new rule text to clarify that when an order is eligible for multiple price protections the System will apply the most conservative. The proposed change clarifies the operation of price protections on the Exchange for an order that is eligible for multiple price protections. The Exchange believes this change provides greater clarity regarding the implementation of price protection functionality. The Exchange believes this change is reasonable as it adds clarity to the operation of price protection functionality on the Exchange.

Lastly, the Exchange is proposing to make various non-substantive grammatical changes to the rule text. The changes are simply designed to correct errors in the rule text.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, revised rule text is displayed in Exhibit 4 and full rule text of the proposed Rule is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Board of Directors on January 28, 2021. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Gregory P. Ziegler, Vice President and Senior Counsel, at [redacted].

3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

a. Purpose

The Exchange proposes to adopt new Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls. The Exchange proposes to adopt a new Managed Protection Override feature, a new Max Put Price Protection feature, and a new MIAX Strategy Price Protection ("MSPP") in new proposed Rule 532.

The Exchange proposes to relocate and amend paragraph (a), Vertical Spread Variance ("VSV") Price Protection; paragraph (b), Calendar Spread Variance ("CSV") Price Protection; and paragraph (c) VSV and CSV Price Protection, from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 as described below. Additionally, the Exchange proposes to adopt a new Butterfly Spread Variance ("BSV") Price Protection to proposed section (b)(2) of new proposed Rule 532.

The Exchange proposes to relocate paragraph (d), Implied Away Best Bid or Offer ("ixABBO") Price Protection; and paragraph (f), Complex MIAX Options Price Collar Protection; from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 in their entirety and without modification as section (b)(6), Complex MIAX Options Price Collar Protection; and section (b)(7), Implied Away Best Bid or Offer ("ixABBO") Price Protection. The Exchange also proposes to relocate paragraph (g), Market Maker Single Side Protection, from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 as section (b)(8), Market Maker Single Side Protection. The Exchange also proposes to make a minor non-substantive edit to the rule text of Market Maker Single Side Protection.

The Exchange proposes to adopt new Interpretations and Policies .01, to new proposed Rule 532 to state that, when an order is eligible for multiple price protections the System[13] will apply the most conservative.

The Exchange proposes to amend Exchange Rule 100, Definitions to insert a clarifying term to the definition of "Book." [14]

The Exchange proposes to relabel paragraph (e) of Interpretations and Policies .05 of Exchange Rule 518 to paragraph (a), and to make a number of non-substantive changes to update internal cross references throughout Exchange Rule 518 that have changed as a result of the proposed changes contained herein.

Background

The Exchange began trading complex orders[15] in October, 2016.[16] As part of its effort to continue to build out its complex order market segment the Exchange has continued to add order

---

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

15 A "complex order" is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the "legs" or "components" of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

16 For a complete description of the trading of complex orders on the Exchange, see Exchange Rule 518. See also, Securities Exchange Act Release No. 79072 (October 7, 2016), 81 FR 71131 (October 14, 2016) (SR-MIAX-2016-26).

types[17] and functionality. To encourage Members[18] to send complex orders to the Exchange the Exchange has implemented numerous risk protections specifically tailored to complex orders. The Exchange is now proposing to modify Exchange Rule 518, Complex Orders, to relocate and consolidate certain risk protection functionality in new proposed Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls, and to adopt additional risk protection functionality as described below.

Proposal

Managed Protection Override

The Exchange proposes to adopt a new Managed Protection Override feature which will work in conjunction with certain risk protections on the Exchange. If a Member enables the Managed Protection Override then all risk protections connected to the Managed Protection Override feature are engaged. When a risk protection connected to the Managed Protection Override feature is triggered, and the Managed Protection Override feature has been enabled, the order subject to the risk protection will be cancelled.

The Managed Protection Override will be available for the following risk protections: Vertical Spread Variance ("VSV") Price Protection, Calendar Spread Variance ("CSV") Price Protection, new proposed Butterfly Spread Variance ("BSV") Price Protection, Parity Price Protection, and new proposed Max Put Price Protection.

---

17 See Securities Exchange Act Release Nos. 89085 (June 17, 2020), 85 FR 37719 (June 23, 2020) (SR-MIAX-2020-16) (Proposal to adopt new Complex Attributable Order); 89212 (July 1, 2020), 85 FR 41075 (July 8, 2020) (SR-MIAX-2020-20) (Proposal to adopt new Complex Auction-on-Arrival-Only "cAOAO" order type).

18 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.

Currently, when the Vertical Spread Variance ("VSV") Price Protection and the Calendar Spread Variance ("CSV") Price Protection are triggered the default behavior is to manage the order in accordance to Exchange Rule 518(c)(4).[19] Additionally, when the Parity Price Protection is triggered the default behavior is to place the order on the Strategy Book[20] at its parity protected price.[21] The Exchange believes that offering Members the option to have their orders either managed by the Exchange or cancelled gives Members greater flexibility and control over their orders while retaining risk protection functionality.

Max Put Price Protection ("MPPP")

The Exchange proposes to adopt a new price protection for put options[22] by establishing a maximum price at which a put option may trade.[23] To determine the maximum price the Exchange will add a pre-set value, the Put Price Variance,[24] to the strike price of the put option.

---

19 See Interpretations and Policies .05(c) of Exchange Rule 518.

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

21 See Interpretations and Policies .01(g) of Exchange Rule 518.

22 The term "put" means an option contract under which the holder of the option has the right, in accordance to the terms and provisions of the option, to sell to the Clearing Corporation the number of units of the underlying security covered by the option contract. See Exchange Rule 100.

23 The Exchange notes that the Cboe Exchange offers a similar Buy Order Put Protection which provides that if a User enters a buy limit order for a put with, or if a buy market order (or unexecuted portion) for a put would execute at, a price higher than or equal to the strike price of the option, the System cancels or rejects the order (or unexecuted portion) or quote. This check does not apply to adjusted series or bulk messages. See Cboe Exchange Rule 5.34(a)(3).

24 The proposed pre-set value for the Put Price Variance will be $0.10 to align to other similar price protections on the Exchange and will apply to all classes. The Exchange believes this value provides an adequate price range for executions while offering price protection against potentially erroneous executions. See MIAX Regulatory Circular 2016-47, MIAX Complex Order Price Protection Pre-set Values (October 20, 2016) available at https://www.miaxoptions.com/sites/default/files/circular-

The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular. Buy orders that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or cancelled if the Managed Protection Override ("MPO") is enabled. Sell orders that are priced higher than the maximum trading price limit will be rejected.

A bid quote through the maximum trading price limit will trade up to, and including, the maximum trading price limit, then will be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or in the case of a bid eQuote,[25] will be cancelled.[26] An offer quote greater than the maximum trading price limit is not rejected and will be placed on the Book and displayed. An offer eQuote greater than the maximum trading price limit will be cancelled.

Example Max Put Price Protection for a Buy Market Order

An order to Buy 10 XYZ Jan 5 Put @ Market is received.

The current market is:
MBBO[27] 0.50 (10) x 5.50 (10)

---

files/MIAX_RC_2016_47.pdf, which establishes a $0.10 pre-set value for Vertical Spreads and Calendar Spreads.

25 The Exchange offers two different types of quotes for use in its simple market: A Standard quote, which is submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any; and an eQuote which is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See Exchange Rule 517(a)(1) and (2).

26 Currently, eQuotes offered on the Exchange do not have a time in force setting that would allow them to be managed. See Exchange Rule 517(a)(2).

27 The term "MBBO" means the best bid or offer on the Simple Order Book on the Exchange. See Exchange Rule 518(a)(13). The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

The price protection is:
Put Price Variance (PPV) = $0.10
Max Put Price Protection = (Strike + PPV) = $5.10

The Max Put Price Protection establishes the maximum trading price limit at which an order can trade. Because the Buy Order is priced through the Max Put Price Protection of $5.10, the order is subject to management pursuant to 515(c)(1)(ii) and is posted to the order book at $5.10.

MBBO 5.10 (10) x 5.50 (10)

Example Max Put Price Protection for a Sell Limit Order

An Order to Sell 10 XYZ Jan 5 Put @ $5.25 is received.

The current market is:
MBBO 0.50 (10) x 5.50 (10)

The price protection is:
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Because the Sell Order is priced higher than the Max Put Price Protection of $5.10, the order is rejected.

Example Max Put Price Protection for a Buy Quote

A Quote to Buy 10 XYZ Jan 5 Put @ $5.50 is received.

The current market is:
MBBO 0.50 (10) x 5.50 (10)

The price protection is:
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Because the Buy Quote is priced through the Max Put Price Protection of $5.10, the quote is posted to the order book and managed at $5.10.

MBBO 5.10 (10) x 5.50 (10)

Example Max Put Price Protection for a Sell Quote

A Quote to Sell 10 XYZ Jan 5 Put @ $5.25 is received.

The current market is:
MBBO 0.50 (10) x 5.50 (10)

The price protection is:
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Although the Sell Quote is priced higher than the Max Put Price Protection of $5.10, sell Quotes priced higher than the Max Put Price Protection are not rejected and therefore it is posted to the order book at $5.25.

MBBO 5.10 (10) x 5.25 (10)

The Exchange treats orders and quotes differently on the Exchange as orders may only be submitted by Electronic Exchange Members ("EEMs")[28] and quotes may only be submitted by Market Makers[29] on the Exchange. Market Makers have heightened obligations on the Exchange including the requirement to provide continuous two sided quotes under Exchange Rule 604(e),[30] and as such the Exchange minimizes the times it will cancel Market Maker quotes.

---

28 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.

29 The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

30 A Primary Lead Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes, which for the purpose of paragraph (e) of Rule 604 which shall mean 90% of the time, for the options classes to which it is appointed. See Exchange Rule 604(e)(1)(i); A Lead Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes, which for the purpose of paragraph (e) of Rule 604 which shall mean 90% of the time, for the option classes to which it is appointed. See Exchange Rule 604(e)(2)(i); A Registered Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes throughout the trading day in 60% of the non-adjusted series that have a time to expiration of less than nine months in each of its appointed classes. For the purpose of paragraph (e) of Rule 604 which, continuous two-

The Exchange believes that offering Members the option to have orders either managed by the Exchange or cancelled when a risk protection is triggered gives Members greater flexibility and control over their orders while retaining the risk protection functionality. If the Managed Protection Override is enabled the Exchange will return the unexecuted order to the Member for further analysis and evaluation. If the Managed Protection Override is not enabled the Exchange will manage the unexecuted order on behalf of the Member.

Definitions

The Exchange proposes to include a "Definitions" section as paragraph (b)(1) in Rule 532. For the purposes of proposed paragraph (b) the Exchange will adopt the following definition of a Butterfly Spread in section (b)(1)(i): A "Butterfly Spread" is a three legged Complex Order with two legs to buy (sell) the same number of calls[31] (puts) and one leg to sell (buy) twice the number of calls (puts), all legs have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The strike price of each leg is equidistant from the next sequential strike price.[32]

The Exchange also proposes to relocate the definition of Calendar Spread and Vertical Spread from Interpretations and Policies .05(b) and .05(a) of Exchange Rule 518 respectively, to proposed section (b)(1)(ii) and (iii) of proposed Rule 532 respectively. The definition of a

sided quoting shall mean 90% of the time, for the options classes to which the Registered Market Maker is appointed. See Exchange Rule 604(e)(3)(i).

31 The term "call" means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of units of the underlying security covered by the option contract. See Exchange Rule 100.

32 The Exchange notes that its proposed definition of a Butterfly Spread is substantially similar to the definition of a Butterfly Spread used by at least one other options exchange. See Cboe Exchange Rule 5.34(b)(1)(B).

Calendar Spread is a complex strategy consisting of one call (put) option and the sale of another call (put) option overlaying the same security that have different expirations but the same strike price. The definition of a Vertical Spread is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices. The Exchange notes its definition of a Calendar Spread and a Vertical Spread is not changing under this proposal.

<u>Butterfly Spread Price Variance ("BSV") Price Protection</u>

The Exchange proposes to adopt a new price protection for Butterfly Spreads as section (b)(2) of new proposed Rule 532. A butterfly spread is comprised of three legs which have the same expiration date, and are of the same type, either calls or puts, and are at equal strike intervals. The upper and lower strikes are each a buy (sell) and the middle strike is a sell (buy). The ratio of a butterfly spread will always be +1 -2 +1 or -1 +2 -1.

<u>Butterfly Spread Example</u>

Buy 1 XYZ April 50 Call
Sell 2 XYZ April 55 Calls
Buy 1 FYX April 60 Call

The Exchange will determine a Butterfly Spread Variance which establishes minimum and maximum trading price limits for Butterfly Spreads. The minimum value of a Butterfly Spread is zero and the maximum value is capped at the absolute value of the difference between the closest strikes (the upper strike price minus the middle strike price or the middle strike price minus the lower strike price). To establish the maximum and minimum trading price limits, a configurable pre-set value is added to the maximum value of the Butterfly Spread and subtracted from the minimum value of the Butterfly Spread. The pre-set value will be determined by the

Exchange and communicated to Members via Regulatory Circular.[33] The minimum and maximum trading price limits are used together to create an allowable trading range for the Butterfly Spread.

If the execution price of a complex order would be outside of the minimum and maximum trading price limits (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

By establishing minimum and maximum trading price limits the Exchange can then evaluate the reasonableness of the prices of orders and eQuotes against these limits. The Exchange will reject an order, or cancel an eQuote, if the price is determined to be unreasonable relative to the minimum or maximum trading price limit. Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

Example

Butterfly Spread: Buy 1 April 50 Call, Sell 2 April 55 Calls, Buy 1 April 60 Call.

April 50 Call MBBO: $11.00 x $16.00
April 55 Call MBBO: $6.00 x $11.00

33 The Exchange proposes to use a pre-set value of $0.10 for Butterfly Spreads which will apply to all classes to align to the pre-set value which is used on the Exchange for Calendar Spreads and Vertical Spreads. See supra note 24.

April 60 Call MBBO: $1.00 x $6.00

The maximum spread value is the absolute value of the difference between the closest strikes or $5.00 (60.00 - 55.00 or 55.00 - 50.00). The minimum spread value is zero. If the pre-set value is $0.10 the maximum allowable price limit is then $5.10 and the minimum allowable price limit is then -$0.10. A strategy order to buy at $5.15 will be managed on the Strategy Book at $5.10.

Calendar Spread Variance ("CSV") Price Protection

The Exchange proposes to (i) relocate the Calendar Spread Variance ("CSV") Price Protection from Rule 518; (ii) restructure the rule text for internal consistency with other similar price protections in the Exchange's rules (BSV and VSV); (iii) make clarifying changes to the rule text; and (iv) amend the rule text to enable the operation of the Managed Protection Override.

Currently, paragraph (b) of Interpretation and Policy .05 of Rule 518, Calendar Spread Variance ("CSV") Price Protection, provides that, a "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads. Current subparagraph (1) provides that, the maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value. Current subparagraph (2) provides that, the pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular. Current subparagraph (3) provides that, CSV Price Protection applies only to strategies in American-style option classes. Current paragraph (c) of Interpretation and Policy .05 of Rule 518 provides that, if the execution price of a complex order would be outside of the limits set forth in subparagraphs (a)(1) and (b)(1) of this Interpretations and Policies .05, such complex order will be placed on the Strategy Book and will be managed to the appropriate trading price limit as described in subparagraph (c)(4) of Rule 518. Orders to buy below the minimum trading price limit and orders to sell above the maximum trading price limit (in the case of Vertical Spreads) will be rejected by the System.

The Exchange now proposes to relocate Calendar Spread Variance ("CSV") Price Protection from Interpretations and Policies .05(b) of Rule 518 to paragraph (b)(3) of new proposed Rule 532 and to restructure the rule text for internal consistency with other similar price protections in the Exchange's rules. Specifically, the Exchange proposes to relocate current paragraph (1) of the rule to new proposed subparagraph (i) [34] of the rule, without change.

The Exchange proposes to adopt new subparagraph (ii) to new proposed Rule 532(b)(3) to clarify the operation of the price protection. New subparagraph (ii) will state that, if the execution price of a complex order would be outside of the limit set forth in subparagraph (i) of this rule (offers lower than the minimum trading price limit), such complex order will trade down to, and including, the minimum trading price limit. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled. Further, the Exchange proposes to adopt new subparagraph (iii) which will provide that, buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled.

---

34 The Exchange notes that proposed subparagraph (i) is identical to current paragraph (1) of Interpretations and Policies .05(b) of Exchange Rule 518.

The Exchange proposes to relocate current paragraph (3) of Interpretations and Policies .05(b) of Rule 518 to new subparagraph (iv) and current paragraph (2) of Interpretations and Policies .05(b) of Rule 518 to new subparagraph (v) of proposed Rule 532(b)(3), in their entirety and without modification.

Vertical Spread Variance ("VSV") Price Protection

The Exchange proposes to (i) relocate Vertical Spread Variance ("VSV") Price Protection from Rule 518; (ii) restructure the rule text for internal consistency with other similar price protections in the Exchange's rules (BSV and CSV); (iii) make clarifying changes to the rule text; and (iv) amend the rule text to enable the operation of the Managed Protection Override.

Currently, paragraph (a) of Interpretation and Policy .05 of Rule 518, Vertical Spread Variance ("VSV") Price Protection, provides that, a "Vertical Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices. The VSV establishes minimum and maximum trading price limits for Vertical Spreads. Current subparagraph (1) provides, the maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value. Current subparagraph (2) provides that, the pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular.

The Exchange now proposes to relocate paragraph (a), Vertical Spread Variance ("VSV") Price Protection, from Interpretations and Policies .05(a) of Rule 518 to paragraph (b)(4) of new proposed Rule 532. The Exchange proposes to bifurcate the current rule text of paragraph (a) by adding the definition of a Vertical Spread to the Definitions section of proposed Rule 532, and retaining the rule text that states, the VSV establishes minimum and maximum trading price limits for Vertical Spreads.

The Exchange proposes to adopt new subparagraph (i) [35] to new proposed Rule 532(b)(4) which will state that, the maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

The Exchange proposes to adopt new subparagraph (ii) to state that, if the execution price of a complex order would be outside of the limits set forth in subparagraph (i) of this rule (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

Further, the Exchange proposes to adopt new subparagraph (iii) which will provide that, buy orders with a limit price less than the minimum trading price limit will be rejected. Bid

---

35 The Exchange notes that proposed subparagraph (i) is identical to current paragraph (1) of Interpretations and Policies .05(a) of Exchange Rule 518.

eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

The Exchange proposes to relocate current subparagraph (2) of Interpretations and Policies .03(a) of Rule 518 to new subparagraph (iv) of proposed Rule 532(b)(4), in its entirety and without modification.

MIAX Strategy Price Protection ("MSPP")

The Exchange now proposes to introduce a MIAX Strategy Price Protection ("MSPP") which will establish a maximum protected price for buy orders and a minimum protected price for sell orders. To determine the maximum price for a buy order the Exchange will add a pre-set value, the MIAX Strategy Price Protection Variance ("MSPPV"), to the offer side value of the cNBBO[36] (or the offer side of the dcMBBO[37] if the cNBBO is crossed).[38] To determine the minimum protected price for sell orders the Exchange will subtract the MSPPV value from the bid side value of the cNBBO, (or the bid side of the dcMBBO if the cNBBO is crossed). The MSPPV value will be determined by the Exchange and communicated to Members via

---

36 The cNBBO is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock-option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

37 The dcMBBO is calculated using the best displayed price for each component of a complex strategy from the Simple Order Book. For stock-option orders, the dcMBBO for a complex strategy will be calculated using the Exchange's best displayed bid or offer in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(8).

38 A complex strategy is not evaluated until all the components of the complex strategy are open on the Simple Order Book. Therefore, a dcMBBO will always be available as the System prevents the Simple Order Book from displaying a locked or crossed market. See Exchange Rule 518(c)(2)(i).

Regulatory Circular.[39] For market orders[40] the functional limit will be the MSPP. Complex orders with a time in force of Day[41] or GTC[42] are eligible for the MIAX Strategy Price Protection. The MIAX Strategy Price Protection is an additional price protection feature provided to all Members of the Exchange.

If the MSPP is priced less aggressively than the limit price of a complex order (i.e., the MSPP is less than the complex order's bid price for a buy order, or the MSPP is greater than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its MSPP for buy orders; or (ii) displayed and/or executed down to, and including, its MSPP for sell orders. Any unexecuted portion of such a complex order will be cancelled.

If the MSPP is priced equal to, or more aggressively than, the limit price of a complex order (i.e., the MSPP is greater than the complex order's bid price for a buy order, of the MSPP is less than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its limit price for buy orders; or (ii) displayed and/or executed down to, and including, its limit price for sell orders. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Exchange Rule 518; (B)

---

39 The Exchange proposes to use a pre-set value of $2.50 for the MIAX Strategy Price Protection Variance ("MSPPV"). The Exchange believes this value provides an adequate price range for executions while offering price protection against potentially erroneous executions and aligns to other price protections on the Exchange. See Exchange Rule 518 Interpretations and Policies .06.

40 A market order is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. See Exchange Rule 516(a).

41 A Day Limit Order is an order to buy or sell which, if not executed, expires at the end of trading in the security on the day on which it was entered. See Exchange Rule 516(k).

42 A Good 'til Cancelled or "GTC" Order is an order to buy or sell which remains in effect until it is either executed, cancelled or the underlying option expires. See Exchange Rule 516(l).

may be submitted, if eligible, to the managed interest process described in Exchange Rule 518(c)(4); or (C) may be placed on the Strategy Book at its limit price.

The MSPP is designed to work in conjunction with other features on the Exchange such as the Complex Liquidity Exposure ("cLEP") Process. The Exchange introduced the Complex Liquidity Exposure Process (cLEP) in 2018.[43] The cLEP process was designed for complex orders and complex eQuotes that violate their Complex MIAX Price Collar ("MPC) price.[44] The MPC price protection feature is an Exchange-wide mechanism under which a complex order or complex eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").[45] The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.[46] Once established the MPC Price will not change during the life of the

---

43 See Securities Exchange Act Release No. 85155 (February 15, 2019), 84 FR 5739 (February 22, 2019) (SR-MIAX-2018-36).

44 The Exchange notes that there are no changes to the Complex MIAX Price Collar functionality under this proposal.

45 See Exchange Rule 518.05(f).

46 See Exchange Rule 518.05(f)(3).

complex order or eQuote. If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price.[47]

A complex order or complex eQuote that would violate its MPC Price begins a cLEP Auction.[48] The System will post the complex order or eQuote to the Strategy Book at its MPC Price and begin the cLEP Auction by broadcasting a liquidity exposure message to all subscribers of the Exchange's data feeds.[49] Remaining liquidity with an original limit price that is (i) less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the MPC Price will be handled in accordance with subsection (c)(2)(ii)-(v) of Rule 518, or (ii) more aggressive than the MPC Price will be subject to the Reevaluation Process.[50]

The Reevaluation process occurs at the conclusion of a cLEP Auction where the System will calculate the next potential MPC Price for remaining liquidity with an original limit price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). Liquidity with an original limit price equal to or less aggressive than the New MPC Price is no longer subject to the MPC price protection. Liquidity with an original limit price more aggressive than the New MPC Price (or market order liquidity) is subject to the MPC price

---

47 See Exchange Rule 518.05(f)(5).

48 See Exchange Rule 518(e).

49 Id.

50 Id.

protection feature using the New MPC Price. In certain scenarios this could lead to a cycle of cLEP Auctions and ever increasing MPC price protection prices.

The operation of the MIAX Strategy Price Protection feature during a cLEP Auction can be seen in the following example.

Example

MPC: 0.25

The Exchange has one order (Order 1) resting on its Strategy Book: +1 component A, -1 component B:

The current market is:

MBBO component A: 4.00(10) x 6.00(10)

MBBO component B: 1.00(10) x 2.50(10)

NBBO[51] component A: 4.05(10) x 4.15(10)

NBBO component B: 2.30(10) x 2.40(10)

cMBBO:[52] 1.50 (10) x 5.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

The price protection is:

MSPPV: 2.50

Buy MSPPV: 1.85 + 2.50 = 4.35

Sell MSPPV: 1.65 – 2.50 = -.85

Order 1 to sell 10 at 1.90 is received and updates the cMBBO.

cMBBO: 1.50 (10) x 1.90 (10)

---

51 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).

52 The cMBBO is calculated using the MBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy on the Exchange.

The Exchange receives a new order (Order 2) to buy 30 at the Market. For Market Orders the functional limit is the MSPP or 4.35.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its MPC protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Strategy Book and the cLEP Auction begins.

During the cLEP Auction the Exchange receives a new order (Order 3) to sell 10 at 2.10. This order locks the current same side Book Price of $2.10. At the end of the auction, Order 3 sells 10 to Order 2 at $2.10, filling Order 3.

Order 2 reprices to the next MPC protected price of $2.35 (initial MPC of 2.10 + 0.25) and is posted at that price on the Strategy Book and the next cLEP Auction begins.

During the next cLEP Auction the Exchange does not receive any interest to sell. At the end of the auction Order 2 is reevaluated and reprices to the next MPC protected price of 2.60 (previous MPC of 2.35 + 0.25) and is posted at that price on the Strategy Book and the next cLEP Auction begins.

During all subsequent cLEP Auctions the Exchange does not receive any interest to sell. At the end of each subsequent auction, Order 2 is reevaluated and repriced to the next MPC protected price as seen below until the MSPP protected price is equal to or less than the MPC protected price.

3rd MPC evaluation 2.60 + 0.25 = 2.85

4th MPC evaluation 2.85 + 0.25 = 3.10

5th MPC evaluation 3.10 + 0.25 = 3.35

6th MPC evaluation 3.35 + 0.25 = 3.60

7th MPC evaluation 3.60 + 0.25 = 3.85

8th MPC evaluation 3.85 + 0.25 = 4.10

9th MPC evaluation 4.10 + 0.25 = 4.35

At the end of the final auction, because the MSPP protected price of 4.35 is equal to the MPC protected price of 4.35, Order 2 is not repriced to the next MPC and is cancelled subject to MSPP as Order 2 was a market order.[53]

cMBBO: 4.35 (10) x 5.00 (10)

---

53 See proposed Rule 532(b)(5)(v).

The Exchange proposes to amend Exchange Rule 518(e), Reevaluation, to account for the introduction of a protected price in the cLEP process. The proposed rule text will provide that, at the conclusion of a cLEP Auction, the System will calculate the next potential MPC Price for remaining liquidity with an original limit price or protected price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). The System will initiate a cLEP Auction for liquidity that would execute or post at a price that would violate its New MPC Price. Liquidity with an original limit price or protected price less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the New MPC Price will be posted to the Strategy Book at its original limit price or handled in accordance with subsection (c)(2)(ii) – (v) of this Rule. The cLEP process will continue until no liquidity remains with an original limit price that is more aggressive than its MPC Price. At the conclusion of the cLEP process, any liquidity that has not been executed will be posted to the Strategy Book at its original limit price.

The Exchange also proposes to amend Rule 518(e), Allocation at the Conclusion of a Complex Liquidity Exposure Auction. Currently the rule states that, orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i)-(vi) of this Rule. The Exchange now proposes to amend this provision to state that orders subject to MSPP are allocated using their protected price. As proposed the amended rule will state that, orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, orders subject to MSPP are allocated using their protected price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i) – (vi) of this Rule.

Parity Price Protection

The Exchange proposes to amend paragraph (g), Parity Price Protection, Interpretations and Policies .01 of Exchange Rule 518, to incorporate the Managed Protection Override feature. Currently the rule text states, Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy. The Exchange proposes to amend this sentence to provide that, Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy, or cancelled if the Managed Protection Override is enabled. This provision allows the Parity Price Protection functionality to operate in conjunction with the Managed Protection Override feature which cancels an order when its price protection feature is triggered. The Exchange believes that offering Members the option to have orders either managed by the Exchange or cancelled when a risk protection is triggered gives Members greater flexibility and control over their orders while retaining the risk protection functionality.

The Exchange proposes to adopt Interpretations and Policies .01 to proposed Rule 532, to state that, when an order is eligible for multiple price protections the System will apply the most conservative. The Exchange offers a number of price protections in the System, for example, if a limit order to buy a non-proprietary product had indicated a price protection[54] for the order at 5

54 See Exchange Rule 515(c)(1).

MPVs[55] from the NBBO at the time of receipt and the NBBO for the XYZ Jan 5 put was 4.80 x 5.10 the price protection would not let the order trade at more than 5.35, however, in this instance the proposed Max Put Price Protection would be applied and the order would not trade higher than 5.10, which is the more conservative of the price protections. The Exchange believes that this change promotes the protection of investors as it protects investors from executions at undesirable prices.

Miscellaneous

The Exchange proposes to rename paragraph (e), Wide Market Conditions, SMAT Events and Halts, of Interpretations and Policies .05 of Exchange Rule 518, to new paragraph (a), as a result of the removal of the preceding paragraphs (a), (b), (c), and (d) from Interpretations and Policies .05 of Exchange Rule 518, which have been relocated to new proposed Rule 532. Additionally, the Exchange proposes to make a number of non-substantive changes in Rule 518 to correct internal cross references that have changed as a result of this proposal.

The Exchange also proposes to amend the definition of "Book" in Exchange Rule 100 by adding the clarifying term "simple" to the current definition. The Exchange proposes to define the term "Book" to mean the electronic book of simple buy and sell orders and quotes maintained by the System. When the Exchange introduced complex orders the Exchange defined the "Strategy Book" [56] as the Exchange's electronic book of complex orders and complex quotes. Additionally, the Exchange defined the "Simple Order Book" [57] as the

---

55 See Exchange Rule 510.

56 See Exchange Rule 518(a)(17).

57 See Exchange Rule 518(a)(15).

Exchange's regular electronic book of orders and quotes in Rule 518. The Exchange believes its proposal to amend the definition provided in Exchange Rule 100 adds clarity to the definition regarding which book of orders and quotes is being referenced.

The Exchange proposes to make a minor non-substantive edit to the rule text of Market Maker Single Side Protection (proposed Rule 532(b)(8)). Currently, the rule text provides that, when triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker.[58] The Exchange now proposes to expand on the previously mentioned sentence to read, the System will provide a notification message to the Market Maker that the protection has been triggered. The Exchange believes that this amendment provides additional detail and clarity regarding the operation of the rule.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[59] in general, and furthers the objectives of Section 6(b)(5) of the Act[60] 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 mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

---

58 See Interpretations and Policies .05(g) of Exchange Rule 518.

59 15 U.S.C. 78f(b).

60 15 U.S.C. 78f(b)(5).

Managed Protection Override

The Exchange believes that the Managed Protection Override feature 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 providing a mechanism by which Members may determine the way their orders are handled when a risk protection is triggered. The Exchange believes that it has an effective way to manage orders on the Exchange so that they do not execute at potentially erroneous prices, however the Exchange believes that giving Members the option to have their orders cancelled if a risk protection is triggered protects investors and the public interest. When the Exchange cancels an order, a Member can make a decision on what to do with that order based on the then current market conditions and may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Max Put Price Protection

The Exchange believes that the Max Put Price Protection feature 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 providing a risk protection mechanism to prevent trades from occurring at potentially unwanted or erroneous prices. Additionally, the Exchange believes that making this risk protection feature eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Max Put Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

<u>Butterfly Spread Variance ("BSV") Price Protection</u>

The Exchange believes that the Butterfly Spread Variance ("BSV") Price Protection feature 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 providing a risk protection mechanism that will establish minimum and maximum trading limits to prevent an order from trading at a potentially unwanted or erroneous price.

Additionally, the Exchange believes that making the Butterfly Spread Variance ("BSV") Price Protection eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Butterfly Spread Variance Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Calendar Spread Variance ("CSV") Price Protection

The Exchange believes that amending the Calendar Spread Variance ("CSV") Price Protection feature to enable the Managed Protection Override feature 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 providing Members the option of having the Exchange manage their order when a price protection is triggered, or having their order cancelled when a price protection is triggered, if the Managed Protection Override is enabled. The Exchange believes cancelling an order in this scenario benefits Members as it allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

The Exchange believes amending the rule text to clarify the operation of the rule and to harmonize the rule text to that of the Vertical Spread Variance ("VSV") and Butterfly Spread Variance ("BSV") Price Protections promotes the protection of investors by having similar rule text and similar behavior for similar price protections which provides clarity and consistency within the Exchange's rulebook. A clear and concise rulebook benefits investors and the public interest as it reduces the chance for confusion regarding the operation of price protection functionality.

<u>Vertical Spread Variance ("VSV") Price Protection</u>

The Exchange believes that amending the Vertical Spread Variance ("VSV") Price Protection feature to enable the Managed Protection Override feature 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 providing Members the option of having the Exchange manage their order when a price protection is triggered, or having their order cancelled, when a price protection is triggered, if the Managed Protection Override is enabled. The Exchange believes cancelling an order in this scenario benefits Members as it allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

The Exchange believes amending the rule text to clarify the operation of the rule and to harmonize the rule text to that of the Calendar Spread Variance ("CSV") and Butterfly Spread Variance ("BSV") Price Protections promotes the protection of investors by having similar rule text and similar behavior for similar price protections which provides clarity and consistency within the Exchange's rulebook. A clear and concise rulebook benefits investors and the public interest as it reduces the chance for confusion regarding the operation of price protection functionality.

MIAX Strategy Price Protection (“MSPP”)

The Exchange believes that the adoption of the MIAX Strategy Price Protection (“MSPP”) promotes just and equitable principles of trade, and facilitates transactions in securities, remove 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 providing an order price protection that establishes a minimum and maximum trading value to prevent potentially unwanted or erroneous executions from occurring. The Exchange believes that when the MSPP is priced less aggressively than the limit price of the complex order that executing the order, up to an including its MSPP for buy orders, or down to and including its MSPP for sell orders, and cancelling any unexecuted portion of the order, protects investors and the public interest. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Parity Price Protection

The Exchange believes that amending Interpretations and Policies .01(g), Parity Price Protection, of Exchange Rule 518, to operate in conjunction with the Managed Protection Override feature promotes just and equitable principles of trade, and facilitates transactions in securities, 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 providing Members greater flexibility and control over their orders if the Parity Price Protection is triggered. The Exchange believes that making this risk protection feature eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Parity Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Miscellaneous

The Exchange believes that amending the definition of "Book" promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 providing a clarifying term to the existing definition. In particular, the Exchange believes that the proposed change 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.

The Exchange believes that relocating the Implied Away Best bid or Offer ("ixABBO") Price Protection and the Complex MIAX Options Price Collar Protection from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 in their entirety and without modification 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 and, in general, protects investors and the public interest by organizing and consolidating risk protections into a single Rule. The Exchange believes that organizing and consolidating the Exchange's risk protection features as described herein provides ease of reference for investors and the public when reviewing the Exchange's rulebook and it is in the best interest of investors and the public for the Exchange's rulebook to be clear and accurate so as to avoid confusion.

The Exchange believes that the non-substantive update to the Market Maker Single Side Protection rule text provides additional detail and clarity regarding the operation of the rule by specifying that the notification message to Market Makers will indicate that the price protection has been triggered. The Exchange believes it benefits investors and the public interest for rules to be accurate and concise as it reduces the chance for confusion regarding the operation of Exchange functionality.

The Exchange believes the proposed change to correct internal cross references within the Exchange's Rulebook 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 the proposal ensures that the Exchange's rules are accurate. The Exchange notes that the proposed changes to correct internal cross references and to make minor non-substantive edits does not alter the application of each rule. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and national exchange system. In particular, the Exchange believes that the proposed rule 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.

The Exchange believes this proposal 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 providing new price protection features for MIAX Members. Additionally, the description of the System's functionality is designed to promote just and equitable principles of trade by providing a clear and accurate description to all participants of how the price protection process is applied and should assist investors in making decisions concerning their orders. Further, the Exchange believes that the price protection features and functionality provides market participants with an appropriate level of risk protection to their orders and contributes to the maintenance of a fair and orderly market.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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.

Specifically, the Exchange does not believe that the proposed changes will impose any burden on intra-market competition as the rules of the Exchange apply equally to all MIAX participants. The price protections are available for any MIAX Member that submits orders or quotes to the Exchange. Any MIAX Member that submits a complex order to the Exchange will benefit from the risk protections proposed herein. Further any MIAX Member that seeks to buy or sell a put will be afforded the MAX Put Price Protection. Additionally, any Member may elect to enable the Managed Protection Override feature to allow the Exchange to cancel their orders when a risk protection is triggered.

In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to protect investors by providing additional price protection functionality and further enhancements and transparency to the Exchange's risk protections. The Exchange's proposal may promote inter-market competition as the Exchange's proposal adds additional price protection features and functionality that may attract additional order flow to the Exchange, thereby promoting inter-market competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange believes that good cause for accelerated effectiveness of the proposed rule change exists in light of the fact that aspects of the proposal discussed below add additional detail and clarity to the proposed rule text. Amendment No. 1, which supersedes and replaces the Original Filing in its entirety, clarifies certain aspects of the Original Filing, including the proposed changes discussed below.

The Exchange believes that the proposed clarify change regarding the Managed Protection Override is appropriate for accelerated effectiveness because it merely provides additional detail to the rule. Specifically, the proposed change clarifies that if the Managed Protection Override is enabled it will apply to all risk protections subject to the Managed Protection Override. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness for the proposed change is appropriate.

The Exchange believes that the proposed clarifying change to the Max Put Price Protection is appropriate for accelerated effectiveness because it merely provides additional detail to the rule. Specifically, the proposed change clarifies that the Exchange will determine a maximum trading price limit for a put option under the Max Put Price Protection, and uses this term consistently in the rule text. Additionally, the proposed change clarifies the treatment of orders and eQuotes under the Max Put Price Protection. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness for the proposed change is appropriate.

The Exchange believes that the proposed change clarifying the definition of a Butterfly Spread is appropriate for accelerated effectiveness because it merely provides additional detail to the definition of a Butterfly Spread Strategy. The Exchange believes this change provides greater clarity on what characteristics define a Butterfly Spread. As such, the Exchange believes that accelerated effectiveness for the proposed change is appropriate.

The Exchange believes that the proposed change clarifying the operation of the Butterfly Spread Spread Variance (“BSV”) Price Protection is appropriate for accelerated effectiveness because it merely provides additional detail regarding the operation of the rule. Specifically, the proposed change consistently uses the terms “maximum trading price limit” and “minimum trading price limit” throughout the rule. Additionally, the proposed change clarifies the treatment of orders and eQuotes under the rule. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the proposed change clarifying the operation of the Calendar Spread Variance (“CSV”) Price Protection is appropriate for accelerated effectiveness because it merely provides additional detail regarding the operation of the rule. Specifically, the proposed change harmonizes the rule structure to that of the Butterfly Spread Variance (“BSV”) Price Protection rule, and clarifies the treatment of orders and eQuotes. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the proposed change clarifying the operation of the Vertical Spread Variance (“VSV”) Price Protection is appropriate for accelerated effectiveness because it merely provides additional detail regarding the operation of the rule. Specifically, the proposed change will provide a rule structure consistent with the Calendar Spread Variance “CSV” Price Protection. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Vertical Spread Strategies. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the proposed change clarifying the operation of the MIAX Strategy Price Protection ("MSPP") is appropriate for accelerated effectiveness because it merely provides additional detail regarding the complex order types eligible for MSPP. Specifically, the proposed change clarifies that complex orders with a time in force of Day or GTC are eligible for MSPP. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the proposed change clarifying the operation of the Market Maker Single Side Protection is appropriate for accelerated effectiveness because it merely provides additional clarity regarding the operation of the rule. Specifically, the proposed change clarifies that Market Makers will receive a message from the System when the protection has been triggered. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the change to adopt new rule text to clarify that when an order is eligible for multiple price protections the System will apply the most conservative is appropriate for accelerated effectiveness because it merely provides additional detail regarding the operation of the System. Specifically, the proposed change clarifies the System behavior for applying a price protection when an order is eligible for more than one price protection. The Exchange notes that the proposed change does not change the operation of the rule in any way, but only further clarifies the operation of the rule. As such, the Exchange believes that accelerated effectiveness is appropriate.

The Exchange believes that the proposed grammatical changes throughout the rule text are appropriate for accelerated effectiveness, as these changes are non-substantive in nature and simply seek to fix grammatical errors or make the language in the rule text consistent. As such, the Exchange believes that accelerated effectiveness for the proposed changes is appropriate.

As discussed above, the Exchange believes that accelerated effectiveness is appropriate because the proposed changes provide additional detail and clarity to the proposed rules. Further, the Exchange believes that accelerated effectiveness is consistent with the protection of investors and the public interest because it would allow the Exchange to implement the price protection functionality which would benefit investors and the public interest. Additionally, the Exchange notes that the Amendment 1 does not substantively change the Original Filing, and that when published for comment, the Original Filing did not receive any comments. Therefore, the Exchange does not believe a full notice and comment period is necessary, and thus believes accelerated approval is appropriate.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

4. Amended rule text indicating additions to or deletions from the immediately preceding filing.

5. Text of proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2021-58)

February__, 2022

Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami International Securities Exchange, LLC to Adopt Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls

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 February 22, 2022, Miami International Securities Exchange, LLC (“MIAX Options” or the “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 adopt new Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls; amend Exchange Rule 100, Definitions; and amend Exchange Rule 518, Complex Orders.

The proposed rule change (the “Original Filing”) was filed on November 29, 2021, which was published for comment by the Commission.[3] No comments were received on the Original Filing. The Exchange is proposing Amendment 1 to provide more specificity to the rule change. This Amendment 1 amends and replaces the Original Filing in its entirety.

---

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

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 93676 (November 29, 2021), 86 FR 68695 (December 2, 2021) (SR-MIAX-2021-58).

This Amendment 1 makes the following changes to the Original Filing, to: (i) clarify the operation of the Managed Protection Override;[4] (ii) clarify the operation of the Max Put Price Protection;[5] (iii) clarify the definition of a Butterfly Spread;[6] (iv) clarify the operation of the Butterfly Spread Variance ("BSV") Price Protection;[7] (v) clarify the operation of the Calendar Spread Variance ("CSV") Price Protection;[8] (vi) clarify the operation of the Vertical Spread Variance ("VSV") Price Protection;[9] (vii) clarify the operation of the MIAX Strategy Price Protection ("MSPP");[10] (viii) clarify the operation of the Market Maker Single Side Protection;[11] (ix) adopt rule text describing the application of price protections;[12] and (x) make non-substantive grammatical changes to the rule text.

The Exchange is adopting additional rule text to the Managed Protection Override functionality described in proposed Rule 532 to provide that, if enabled, the Managed Protection Override will apply to all of the risk protections subject to the Managed Protection Override. The Exchange believes this change will provide greater clarity on how the Managed Protection Override will function when enabled. The Exchange believes this change is reasonable as it adds more clarity to the rule text by making it clear that the Managed Protection Override, if enabled, will apply to all risk protections subject to the Managed Protection Override.

---

4 See changes in Exhibit 4 to proposed Rule 532.

5 See changes in Exhibit 4 to proposed Rule 532(a)(1).

6 See changes in Exhibit 4 to proposed Rule 532(b)(1)(i).

7 See changes in Exhibit 4 to proposed Rule 532(b)(2)(ii) and (iii).

8 See changes in Exhibit 4 to proposed Rule 532(b)(3)(ii) and (iii).

9 See changes in Exhibit 4 to proposed Rule 532(b)(4)(ii) and (iii).

10 See changes in Exhibit 4 to proposed Rule 532(b)(5)(i).

11 See changes in Exhibit 4 to proposed Rule 532(b)(8).

12 See changes in Exhibit 4 to Interpretations and Policies .01 of proposed Rule 532.

The Exchange is adopting additional rule text to the Max Put Price Protection functionality described in proposed Rule 532(a)(1) to provide a consistent use of terms within the rule text. Under the proposed Max Put Price Protection, the Exchange determines a maximum trading price limit and the Exchange proposes to use the term, "maximum trading price limit," consistently throughout the rule text. Additionally, the Exchange proposes to adopt new rule text pertaining to the handling of eQuote with an offer greater than the maximum trading price limit, as quotes and eQuotes are treated differently in the Exchange's simple market due to time in force constraints. The Exchange believes this change will provide greater clarity on how the Max Put Price Protection will operate. The Exchange believes this change is reasonable as it adds more clarity to the rule text as the term "maximum trading price limit" is used consistently within the rule text, further the proposed change makes it clear that offer quotes greater than the maximum trading price limit are placed on the Book while offer eQuotes greater than the maximum trading price limit are cancelled.

The Exchange is amending the rule text to clarify adopting additional rule text to the definition of a Butterfly Spread to better define a Butterfly Spread Strategy. The proposed change will provide that all legs of a Butterfly Spread have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The Exchange believes this change will provide greater clarity on the characteristics that define a Butterfly Spread. The Exchange believes this change is reasonable as it adds more clarity to the definition of a Butterfly Spread.

The Exchange is amending the rule text to clarify the operation of the Butterfly Spread Spread Variance ("BSV") Price Protection. The proposed change will provide a consistent use of the term maximum trading price limit in the rule text. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Butterfly Spread Strategies. The Exchange believes these changes provide greater clarity on how the Butterfly Spread Variance Price Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Butterfly Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Calendar Spread Variance ("CSV") Price Protection. The proposed change will provide a rule structure consistent with the Butterfly Spread Variance "BSV" Price Protection. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Calendar Spread Strategies. The Exchange believes these changes provide greater clarity on how the Calendar Spread Variance Price Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Calendar Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Vertical Spread Variance ("VSV") Price Protection. The proposed change will provide a rule structure consistent with the Calendar Spread Variance "CSV" Price Protection. Additionally, the proposed change will clarify the treatment of orders and eQuotes for Vertical Spread Strategies. The Exchange believes these changes provide greater clarity on how the Vertical Spread Variance Price Protection will operate. The Exchange believes these changes are reasonable as they add more detail and clarity to the Vertical Spread Variance Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the MIAX Strategy Price Protection ("MSPP"). The proposed change clarifies the complex order types eligible for MSPP. The Exchange believes this change provides greater clarity regarding the order types that are eligible for MSPP. The Exchange believes this change is reasonable as it adds clarity to the MIAX Strategy Price Protection functionality.

The Exchange is amending the rule text to clarify the operation of the Market Maker Single Side Protection. The proposed change clarifies that Market Makers will receive a message from the System when the protection has been triggered. The Exchange believes this change provides greater clarity regarding the operation of the Market Maker Single Side Protection functionality. The Exchange believes this change is reasonable as it adds clarity to the Market Maker Single Side Protection rule text.

The Exchange is adopting new rule text to clarify that when an order is eligible for multiple price protections the System will apply the most conservative. The proposed change clarifies the operation of price protections on the Exchange for an order that is eligible for multiple price protections. The Exchange believes this change provides greater clarity regarding the implementation of price protection functionality. The Exchange believes this change is reasonable as it adds clarity to the operation of price protection functionality on the Exchange.

Lastly, the Exchange is proposing to make various non-substantive grammatical changes to the rule text. The changes are simply designed to correct errors in the rule text.

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 adopt new Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls. The Exchange proposes to adopt a new Managed Protection Override feature, a new Max Put Price Protection feature, and a new MIAX Strategy Price Protection ("MSPP") in new proposed Rule 532.

The Exchange proposes to relocate and amend paragraph (a), Vertical Spread Variance ("VSV") Price Protection; paragraph (b), Calendar Spread Variance ("CSV") Price Protection; and paragraph (c) VSV and CSV Price Protection, from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 as described below. Additionally, the Exchange proposes to adopt a new Butterfly Spread Variance ("BSV") Price Protection to proposed section (b)(2) of new proposed Rule 532.

The Exchange proposes to relocate paragraph (d), Implied Away Best Bid or Offer ("ixABBO") Price Protection; and paragraph (f), Complex MIAX Options Price Collar Protection; from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 in their entirety and without modification as section (b)(6), Complex MIAX Options Price Collar Protection; and section (b)(7), Implied Away Best Bid or Offer ("ixABBO") Price Protection. The Exchange also proposes to relocate paragraph (g), Market Maker Single Side Protection, from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 as section (b)(8), Market Maker Single Side Protection. The Exchange also proposes to make a minor non-substantive edit to the rule text of Market Maker Single Side Protection.

The Exchange proposes to adopt new Interpretations and Policies .01, to new proposed Rule 532 to state that, when an order is eligible for multiple price protections the System[13] will apply the most conservative.

The Exchange proposes to amend Exchange Rule 100, Definitions to insert a clarifying term to the definition of "Book." [14]

The Exchange proposes to relabel paragraph (e) of Interpretations and Policies .05 of Exchange Rule 518 to paragraph (a), and to make a number of non-substantive changes to update internal cross references throughout Exchange Rule 518 that have changed as a result of the proposed changes contained herein.

Background

The Exchange began trading complex orders[15] in October, 2016.[16] As part of its effort to continue to build out its complex order market segment the Exchange has continued to add order

---

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

15 A "complex order" is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the "legs" or "components" of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. Mini-options may only be part of a complex order that includes other mini-options. Only those complex orders in the classes designated by the Exchange and communicated to Members via Regulatory Circular with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis and communicated to Members via Regulatory Circular, are eligible for processing. See Exchange Rule 518(a)(5).

16 For a complete description of the trading of complex orders on the Exchange, see Exchange Rule 518. See also, Securities Exchange Act Release No. 79072 (October 7, 2016), 81 FR 71131 (October 14, 2016) (SR-MIAX-2016-26).

types[17] and functionality. To encourage Members[18] to send complex orders to the Exchange the Exchange has implemented numerous risk protections specifically tailored to complex orders. The Exchange is now proposing to modify Exchange Rule 518, Complex Orders, to relocate and consolidate certain risk protection functionality in new proposed Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls, and to adopt additional risk protection functionality as described below.

Proposal

Managed Protection Override

The Exchange proposes to adopt a new Managed Protection Override feature which will work in conjunction with certain risk protections on the Exchange. If a Member enables the Managed Protection Override then all risk protections connected to the Managed Protection Override feature are engaged. When a risk protection connected to the Managed Protection Override feature is triggered, and the Managed Protection Override feature has been enabled, the order subject to the risk protection will be cancelled.

The Managed Protection Override will be available for the following risk protections: Vertical Spread Variance ("VSV") Price Protection, Calendar Spread Variance ("CSV") Price Protection, new proposed Butterfly Spread Variance ("BSV") Price Protection, Parity Price Protection, and new proposed Max Put Price Protection.

---

17 See Securities Exchange Act Release Nos. 89085 (June 17, 2020), 85 FR 37719 (June 23, 2020) (SR-MIAX-2020-16) (Proposal to adopt new Complex Attributable Order); 89212 (July 1, 2020), 85 FR 41075 (July 8, 2020) (SR-MIAX-2020-20) (Proposal to adopt new Complex Auction-on-Arrival-Only "cAOAO" order type).

18 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.

Currently, when the Vertical Spread Variance ("VSV") Price Protection and the Calendar Spread Variance ("CSV") Price Protection are triggered the default behavior is to manage the order in accordance to Exchange Rule 518(c)(4).[19] Additionally, when the Parity Price Protection is triggered the default behavior is to place the order on the Strategy Book[20] at its parity protected price.[21] The Exchange believes that offering Members the option to have their orders either managed by the Exchange or cancelled gives Members greater flexibility and control over their orders while retaining risk protection functionality.

Max Put Price Protection ("MPPP")

The Exchange proposes to adopt a new price protection for put options[22] by establishing a maximum price at which a put option may trade.[23] To determine the maximum price the Exchange will add a pre-set value, the Put Price Variance,[24] to the strike price of the put option.

---

19 See Interpretations and Policies .05(c) of Exchange Rule 518.

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

21 See Interpretations and Policies .01(g) of Exchange Rule 518.

22 The term "put" means an option contract under which the holder of the option has the right, in accordance to the terms and provisions of the option, to sell to the Clearing Corporation the number of units of the underlying security covered by the option contract. See Exchange Rule 100.

23 The Exchange notes that the Cboe Exchange offers a similar Buy Order Put Protection which provides that if a User enters a buy limit order for a put with, or if a buy market order (or unexecuted portion) for a put would execute at, a price higher than or equal to the strike price of the option, the System cancels or rejects the order (or unexecuted portion) or quote. This check does not apply to adjusted series or bulk messages. See Cboe Exchange Rule 5.34(a)(3).

24 The proposed pre-set value for the Put Price Variance will be $0.10 to align to other similar price protections on the Exchange and will apply to all classes. The Exchange believes this value provides an adequate price range for executions while offering price protection against potentially erroneous executions. See MIAX Regulatory Circular 2016-47, MIAX Complex Order Price Protection Pre-set Values (October 20, 2016) available at https://www.miaxoptions.com/sites/default/files/circular-files/MIAX_RC_2016_47.pdf, which establishes a $0.10 pre-set value for Vertical Spreads and Calendar Spreads.

The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular. Buy orders that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or cancelled if the Managed Protection Override ("MPO") is enabled. Sell orders that are priced higher than the maximum trading price limit will be rejected.

A bid quote through the maximum trading price limit will trade up to, and including, the maximum trading price limit, then will be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or in the case of a bid eQuote,[25] will be cancelled.[26] An offer quote greater than the maximum trading price limit is not rejected and will be placed on the Book and displayed. An offer eQuote greater than the maximum trading price limit will be cancelled.

Example Max Put Price Protection for a Buy Market Order

An order to Buy 10 XYZ Jan 5 Put @ Market is received.

The current market is:
MBBO[27] 0.50 (10) x 5.50 (10)

The price protection is:
Put Price Variance (PPV) = $0.10

---

25 The Exchange offers two different types of quotes for use in its simple market: A Standard quote, which is submitted by a Market Maker that cancels and replaces the Market Maker's previous Standard quote, if any; and an eQuote which is a quote with a specific time in force that does not automatically cancel and replace a previous Standard quote or eQuote. An eQuote can be cancelled by the Market Maker at any time, or can be replaced by another eQuote that contains specific instructions to cancel an existing eQuote. See Exchange Rule 517(a)(1) and (2).

26 Currently, eQuotes offered on the Exchange do not have a time in force setting that would allow them to be managed. See Exchange Rule 517(a)(2).

27 The term "MBBO" means the best bid or offer on the Simple Order Book on the Exchange. See Exchange Rule 518(a)(13). The "Simple Order Book" is the Exchange's regular electronic book of orders and quotes. See Exchange Rule 518(a)(15).

Max Put Price Protection = (Strike + PPV) = $5.10

The Max Put Price Protection establishes the maximum trading price limit at which an order can trade. Because the Buy Order is priced through the Max Put Price Protection of $5.10, the order is subject to management pursuant to 515(c)(1)(ii) and is posted to the order book at $5.10.

MBBO 5.10 (10) x 5.50 (10)

<u>Example Max Put Price Protection for a Sell Limit Order</u>

An Order to Sell 10 XYZ Jan 5 Put @ $5.25 is received.

<u>The current market is:</u>
MBBO 0.50 (10) x 5.50 (10)

<u>The price protection is:</u>
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Because the Sell Order is priced higher than the Max Put Price Protection of $5.10, the order is rejected.

<u>Example Max Put Price Protection for a Buy Quote</u>

A Quote to Buy 10 XYZ Jan 5 Put @ $5.50 is received.

<u>The current market is:</u>
MBBO 0.50 (10) x 5.50 (10)

<u>The price protection is:</u>
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Because the Buy Quote is priced through the Max Put Price Protection of $5.10, the quote is posted to the order book and managed at $5.10.

MBBO 5.10 (10) x 5.50 (10)

<u>Example Max Put Price Protection for a Sell Quote</u>

A Quote to Sell 10 XYZ Jan 5 Put @ $5.25 is received.

<u>The current market is:</u>
MBBO 0.50 (10) x 5.50 (10)

The price protection is:
Put Price Variance (PPV) = $0.10
Put Option = XYZ Jan 5 Put
Max Put Price Protection = (Strike + PPV) = $5.10

Although the Sell Quote is priced higher than the Max Put Price Protection of $5.10, sell Quotes priced higher than the Max Put Price Protection are not rejected and therefore it is posted to the order book at $5.25.

MBBO 5.10 (10) x 5.25 (10)

The Exchange treats orders and quotes differently on the Exchange as orders may only be submitted by Electronic Exchange Members ("EEMs")[28] and quotes may only be submitted by Market Makers[29] on the Exchange. Market Makers have heightened obligations on the Exchange including the requirement to provide continuous two sided quotes under Exchange Rule 604(e),[30] and as such the Exchange minimizes the times it will cancel Market Maker quotes.

The Exchange believes that offering Members the option to have orders either managed by the Exchange or cancelled when a risk protection is triggered gives Members greater

28 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.

29 The term "Market Makers" refers to "Lead Market Makers", "Primary Lead Market Makers" and "Registered Market Makers" collectively. See Exchange Rule 100.

30 A Primary Lead Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes, which for the purpose of paragraph (e) of Rule 604 which shall mean 90% of the time, for the options classes to which it is appointed. See Exchange Rule 604(e)(1)(i); A Lead Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes, which for the purpose of paragraph (e) of Rule 604 which shall mean 90% of the time, for the option classes to which it is appointed. See Exchange Rule 604(e)(2)(i); A Registered Market Maker must provide continuous two-sided Standard quotes and/or Day eQuotes throughout the trading day in 60% of the non-adjusted series that have a time to expiration of less than nine months in each of its appointed classes. For the purpose of paragraph (e) of Rule 604 which, continuous two-sided quoting shall mean 90% of the time, for the options classes to which the Registered Market Maker is appointed. See Exchange Rule 604(e)(3)(i).

flexibility and control over their orders while retaining the risk protection functionality. If the Managed Protection Override is enabled the Exchange will return the unexecuted order to the Member for further analysis and evaluation. If the Managed Protection Override is not enabled the Exchange will manage the unexecuted order on behalf of the Member.

Definitions

The Exchange proposes to include a "Definitions" section as paragraph (b)(1) in Rule 532. For the purposes of proposed paragraph (b) the Exchange will adopt the following definition of a Butterfly Spread in section (b)(1)(i): A "Butterfly Spread" is a three legged Complex Order with two legs to buy (sell) the same number of calls[31] (puts) and one leg to sell (buy) twice the number of calls (puts), all legs have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The strike price of each leg is equidistant from the next sequential strike price.[32]

The Exchange also proposes to relocate the definition of Calendar Spread and Vertical Spread from Interpretations and Policies .05(b) and .05(a) of Exchange Rule 518 respectively, to proposed section (b)(1)(ii) and (iii) of proposed Rule 532 respectively. The definition of a Calendar Spread is a complex strategy consisting of one call (put) option and the sale of another call (put) option overlaying the same security that have different expirations but the same strike price. The definition of a Vertical Spread is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have

---

31 The term "call" means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of units of the underlying security covered by the option contract. See Exchange Rule 100.

32 The Exchange notes that its proposed definition of a Butterfly Spread is substantially similar to the definition of a Butterfly Spread used by at least one other options exchange. See Cboe Exchange Rule 5.34(b)(1)(B).

the same expiration but different strike prices. The Exchange notes its definition of a Calendar Spread and a Vertical Spread is not changing under this proposal.

Butterfly Spread Price Variance ("BSV") Price Protection

The Exchange proposes to adopt a new price protection for Butterfly Spreads as section (b)(2) of new proposed Rule 532. A butterfly spread is comprised of three legs which have the same expiration date, and are of the same type, either calls or puts, and are at equal strike intervals. The upper and lower strikes are each a buy (sell) and the middle strike is a sell (buy). The ratio of a butterfly spread will always be +1 -2 +1 or -1 +2 -1.

Butterfly Spread Example

Buy 1 XYZ April 50 Call
Sell 2 XYZ April 55 Calls
Buy 1 FYX April 60 Call

The Exchange will determine a Butterfly Spread Variance which establishes minimum and maximum trading price limits for Butterfly Spreads. The minimum value of a Butterfly Spread is zero and the maximum value is capped at the absolute value of the difference between the closest strikes (the upper strike price minus the middle strike price or the middle strike price minus the lower strike price). To establish the maximum and minimum trading price limits, a configurable pre-set value is added to the maximum value of the Butterfly Spread and subtracted from the minimum value of the Butterfly Spread. The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.[33] The minimum and maximum trading price limits are used together to create an allowable trading range for the Butterfly Spread.

33 The Exchange proposes to use a pre-set value of $0.10 for Butterfly Spreads which will apply to all classes to align to the pre-set value which is used on the Exchange for Calendar Spreads and Vertical Spreads. See supra note 24.

If the execution price of a complex order would be outside of the minimum and maximum trading price limits (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

By establishing minimum and maximum trading price limits the Exchange can then evaluate the reasonableness of the prices of orders and eQuotes against these limits. The Exchange will reject an order, or cancel an eQuote, if the price is determined to be unreasonable relative to the minimum or maximum trading price limit. Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

Example

Butterfly Spread: Buy 1 April 50 Call, Sell 2 April 55 Calls, Buy 1 April 60 Call.

April 50 Call MBBO: $11.00 x $16.00
April 55 Call MBBO: $6.00 x $11.00
April 60 Call MBBO: $1.00 x $6.00

The maximum spread value is the absolute value of the difference between the closest strikes or $5.00 (60.00 - 55.00 or 55.00 - 50.00). The minimum spread value is zero. If the pre-set value is $0.10 the maximum allowable price limit is then $5.10 and the minimum allowable price limit is then -$0.10. A strategy order to buy at $5.15 will be managed on the Strategy Book at $5.10.

Calendar Spread Variance ("CSV") Price Protection

The Exchange proposes to (i) relocate the Calendar Spread Variance ("CSV") Price Protection from Rule 518; (ii) restructure the rule text for internal consistency with other similar price protections in the Exchange's rules (BSV and VSV); (iii) make clarifying changes to the rule text; and (iv) amend the rule text to enable the operation of the Managed Protection Override.

Currently, paragraph (b) of Interpretation and Policy .05 of Rule 518, Calendar Spread Variance ("CSV") Price Protection, provides that, a "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads. Current subparagraph (1) provides that, the maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value. Current subparagraph (2) provides that, the pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular. Current subparagraph (3) provides that, CSV Price Protection applies only to strategies in American-style option classes. Current paragraph (c) of Interpretation and Policy .05 of Rule 518 provides that, if the execution price of a complex order would be outside of the limits set forth in subparagraphs (a)(1) and (b)(1) of this Interpretations and Policies .05, such complex order will be placed on the Strategy Book and will be managed to the appropriate trading price limit as described in subparagraph (c)(4) of Rule 518. Orders to buy below the minimum trading price limit and orders to sell above the maximum trading price limit (in the case of Vertical Spreads) will be rejected by the System.

The Exchange now proposes to relocate Calendar Spread Variance ("CSV") Price Protection from Interpretations and Policies .05(b) of Rule 518 to paragraph (b)(3) of new proposed Rule 532 and to restructure the rule text for internal consistency with other similar price protections in the Exchange's rules. Specifically, the Exchange proposes to relocate current paragraph (1) of the rule to new proposed subparagraph (i) [34] of the rule, without change.

The Exchange proposes to adopt new subparagraph (ii) to new proposed Rule 532(b)(3) to clarify the operation of the price protection. New subparagraph (ii) will state that, if the execution price of a complex order would be outside of the limit set forth in subparagraph (i) of this rule (offers lower than the minimum trading price limit), such complex order will trade down to, and including, the minimum trading price limit. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled. Further, the Exchange proposes to adopt new subparagraph (iii) which will provide that, buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled.

The Exchange proposes to relocate current paragraph (3) of Interpretations and Policies .05(b) of Rule 518 to new subparagraph (iv) and current paragraph (2) of Interpretations and Policies .05(b) of Rule 518 to new subparagraph (v) of proposed Rule 532(b)(3), in their entirety and without modification.

Vertical Spread Variance ("VSV") Price Protection

The Exchange proposes to (i) relocate Vertical Spread Variance ("VSV") Price Protection from Rule 518; (ii) restructure the rule text for internal consistency with other similar

34 The Exchange notes that proposed subparagraph (i) is identical to current paragraph (1) of Interpretations and Policies .05(b) of Exchange Rule 518.

price protections in the Exchange's rules (BSV and CSV); (iii) make clarifying changes to the rule text; and (iv) amend the rule text to enable the operation of the Managed Protection Override.

Currently, paragraph (a) of Interpretation and Policy .05 of Rule 518, Vertical Spread Variance ("VSV") Price Protection, provides that, a "Vertical Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices. The VSV establishes minimum and maximum trading price limits for Vertical Spreads. Current subparagraph (1) provides, the maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value. Current subparagraph (2) provides that, the pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular.

The Exchange now proposes to relocate paragraph (a), Vertical Spread Variance ("VSV") Price Protection, from Interpretations and Policies .05(a) of Rule 518 to paragraph (b)(4) of new proposed Rule 532. The Exchange proposes to bifurcate the current rule text of paragraph (a) by adding the definition of a Vertical Spread to the Definitions section of proposed Rule 532, and retaining the rule text that states, the VSV establishes minimum and maximum trading price limits for Vertical Spreads.

The Exchange proposes to adopt new subparagraph (i) [35] to new proposed Rule 532(b)(4) which will state that, the maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

The Exchange proposes to adopt new subparagraph (ii) to state that, if the execution price of a complex order would be outside of the limits set forth in subparagraph (i) of this rule (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

Further, the Exchange proposes to adopt new subparagraph (iii) which will provide that, buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

The Exchange proposes to relocate current subparagraph (2) of Interpretations and Policies .03(a) of Rule 518 to new subparagraph (iv) of proposed Rule 532(b)(4), in its entirety and without modification.

<u>MIAX Strategy Price Protection (“MSPP”)</u>

---

[35] The Exchange notes that proposed subparagraph (i) is identical to current paragraph (1) of Interpretations and Policies .05(a) of Exchange Rule 518.

The Exchange now proposes to introduce a MIAX Strategy Price Protection ("MSPP") which will establish a maximum protected price for buy orders and a minimum protected price for sell orders. To determine the maximum price for a buy order the Exchange will add a pre-set value, the MIAX Strategy Price Protection Variance ("MSPPV"), to the offer side value of the cNBBO[36] (or the offer side of the dcMBBO[37] if the cNBBO is crossed).[38] To determine the minimum protected price for sell orders the Exchange will subtract the MSPPV value from the bid side value of the cNBBO, (or the bid side of the dcMBBO if the cNBBO is crossed). The MSPPV value will be determined by the Exchange and communicated to Members via Regulatory Circular.[39] For market orders[40] the functional limit will be the MSPP. Complex

---

36 The cNBBO is calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy. For stock-option orders, the cNBBO for a complex strategy will be calculated using the NBBO in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(2).

37 The dcMBBO is calculated using the best displayed price for each component of a complex strategy from the Simple Order Book. For stock-option orders, the dcMBBO for a complex strategy will be calculated using the Exchange's best displayed bid or offer in the individual option component(s) and the NBBO in the stock component. See Exchange Rule 518(a)(8).

38 A complex strategy is not evaluated until all the components of the complex strategy are open on the Simple Order Book. Therefore, a dcMBBO will always be available as the System prevents the Simple Order Book from displaying a locked or crossed market. See Exchange Rule 518(c)(2)(i).

39 The Exchange proposes to use a pre-set value of $2.50 for the MIAX Strategy Price Protection Variance ("MSPPV"). The Exchange believes this value provides an adequate price range for executions while offering price protection against potentially erroneous executions and aligns to other price protections on the Exchange. See Exchange Rule 518 Interpretations and Policies .06.

40 A market order is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. See Exchange Rule 516(a).

orders with a time in force of Day[41] or GTC[42] are eligible for the MIAX Strategy Price Protection. The MIAX Strategy Price Protection is an additional price protection feature provided to all Members of the Exchange.

If the MSPP is priced less aggressively than the limit price of a complex order (i.e., the MSPP is less than the complex order's bid price for a buy order, or the MSPP is greater than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its MSPP for buy orders; or (ii) displayed and/or executed down to, and including, its MSPP for sell orders. Any unexecuted portion of such a complex order will be cancelled.

If the MSPP is priced equal to, or more aggressively than, the limit price of a complex order (i.e., the MSPP is greater than the complex order's bid price for a buy order, of the MSPP is less than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its limit price for buy orders; or (ii) displayed and/or executed down to, and including, its limit price for sell orders. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Exchange Rule 518; (B) may be submitted, if eligible, to the managed interest process described in Exchange Rule 518(c)(4); or (C) may be placed on the Strategy Book at its limit price.

The MSPP is designed to work in conjunction with other features on the Exchange such as the Complex Liquidity Exposure ("cLEP") Process. The Exchange introduced the Complex Liquidity Exposure Process (cLEP) in 2018.[43] The cLEP process was designed for complex

---

41 A Day Limit Order is an order to buy or sell which, if not executed, expires at the end of trading in the security on the day on which it was entered. See Exchange Rule 516(k).

42 A Good 'til Cancelled or "GTC" Order is an order to buy or sell which remains in effect until it is either executed, cancelled or the underlying option expires. See Exchange Rule 516(l).

43 See Securities Exchange Act Release No. 85155 (February 15, 2019), 84 FR 5739 (February 22, 2019) (SR-MIAX-2018-36).

orders and complex eQuotes that violate their Complex MIAX Price Collar ("MPC) price.[44] The MPC price protection feature is an Exchange-wide mechanism under which a complex order or complex eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").[45] The MPC Price is established (i) upon receipt of the complex order or eQuote during free trading, or (ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or (iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.[46] Once established the MPC Price will not change during the life of the complex order or eQuote. If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price.[47]

---

[44] The Exchange notes that there are no changes to the Complex MIAX Price Collar functionality under this proposal.

[45] See Exchange Rule 518.05(f).

[46] See Exchange Rule 518.05(f)(3).

[47] See Exchange Rule 518.05(f)(5).

A complex order or complex eQuote that would violate its MPC Price begins a cLEP Auction.[48] The System will post the complex order or eQuote to the Strategy Book at its MPC Price and begin the cLEP Auction by broadcasting a liquidity exposure message to all subscribers of the Exchange's data feeds.[49] Remaining liquidity with an original limit price that is (i) less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the MPC Price will be handled in accordance with subsection (c)(2)(ii)-(v) of Rule 518, or (ii) more aggressive than the MPC Price will be subject to the Reevaluation Process.[50]

The Reevaluation process occurs at the conclusion of a cLEP Auction where the System will calculate the next potential MPC Price for remaining liquidity with an original limit price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). Liquidity with an original limit price equal to or less aggressive than the New MPC Price is no longer subject to the MPC price protection. Liquidity with an original limit price more aggressive than the New MPC Price (or market order liquidity) is subject to the MPC price protection feature using the New MPC Price. In certain scenarios this could lead to a cycle of cLEP Auctions and ever increasing MPC price protection prices.

The operation of the MIAX Strategy Price Protection feature during a cLEP Auction can be seen in the following example.

Example

MPC: 0.25

48 See Exchange Rule 518(e).

49 Id.

50 Id.

The Exchange has one order (Order 1) resting on its Strategy Book: +1 component A, -1 component B:

<u>The current market is:</u>

MBBO component A: 4.00(10) x 6.00(10)

MBBO component B: 1.00(10) x 2.50(10)

NBBO[51] component A: 4.05(10) x 4.15(10)

NBBO component B: 2.30(10) x 2.40(10)

cMBBO:[52] 1.50 (10) x 5.00 (10)

cNBBO: 1.65 (10) x 1.85 (10)

<u>The price protection is:</u>

MSPPV: 2.50

Buy MSPPV: 1.85 + 2.50 = 4.35

Sell MSPPV: 1.65 – 2.50 = -.85

Order 1 to sell 10 at 1.90 is received and updates the cMBBO.

cMBBO: 1.50 (10) x 1.90 (10)

The Exchange receives a new order (Order 2) to buy 30 at the Market. For Market Orders the functional limit is the MSPP or 4.35.

Order 2 buys 10 from Order 1 at $1.90 and initiates the Complex Liquidity Exposure Process: Order 2 reprices to its MPC protected price of $2.10 (cNBO of 1.85 + 0.25) and is posted at that price on the Strategy Book and the cLEP Auction begins.

During the cLEP Auction the Exchange receives a new order (Order 3) to sell 10 at 2.10. This order locks the current same side Book Price of $2.10. At the end of the auction, Order 3 sells 10 to Order 2 at $2.10, filling Order 3.

Order 2 reprices to the next MPC protected price of $2.35 (initial MPC of 2.10 + 0.25) and is posted at that price on the Strategy Book and the next cLEP Auction begins.

---

51 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”). <u>See</u> Exchange Rule 518(a)(14).

52 The cMBBO is calculated using the MBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy on the Exchange.

During the next cLEP Auction the Exchange does not receive any interest to sell. At the end of the auction Order 2 is reevaluated and reprices to the next MPC protected price of 2.60 (previous MPC of 2.35 + 0.25) and is posted at that price on the Strategy Book and the next cLEP Auction begins.

During all subsequent cLEP Auctions the Exchange does not receive any interest to sell. At the end of each subsequent auction, Order 2 is reevaluated and repriced to the next MPC protected price as seen below until the MSPP protected price is equal to or less than the MPC protected price.

3rd MPC evaluation 2.60 + 0.25 = 2.85

4th MPC evaluation 2.85 + 0.25 = 3.10

5th MPC evaluation 3.10 + 0.25 = 3.35

6th MPC evaluation 3.35 + 0.25 = 3.60

7th MPC evaluation 3.60 + 0.25 = 3.85

8th MPC evaluation 3.85 + 0.25 = 4.10

9th MPC evaluation 4.10 + 0.25 = 4.35

At the end of the final auction, because the MSPP protected price of 4.35 is equal to the MPC protected price of 4.35, Order 2 is not repriced to the next MPC and is cancelled subject to MSPP as Order 2 was a market order.[53]

cMBBO: 4.35 (10) x 5.00 (10)

The Exchange proposes to amend Exchange Rule 518(e), Reevaluation, to account for the introduction of a protected price in the cLEP process. The proposed rule text will provide that, at the conclusion of a cLEP Auction, the System will calculate the next potential MPC Price for remaining liquidity with an original limit price or protected price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). The System will initiate a cLEP Auction for liquidity that would execute or post at a price that would violate its New MPC Price. Liquidity

53 See proposed Rule 532(b)(5)(v).

with an original limit price or protected price less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the New MPC Price will be posted to the Strategy Book at its original limit price or handled in accordance with subsection (c)(2)(ii) – (v) of this Rule. The cLEP process will continue until no liquidity remains with an original limit price that is more aggressive than its MPC Price. At the conclusion of the cLEP process, any liquidity that has not been executed will be posted to the Strategy Book at its original limit price.

The Exchange also proposes to amend Rule 518(e), Allocation at the Conclusion of a Complex Liquidity Exposure Auction. Currently the rule states that, orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i)-(vi) of this Rule. The Exchange now proposes to amend this provision to state that orders subject to MSPP are allocated using their protected price. As proposed the amended rule will state that, orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, orders subject to MSPP are allocated using their protected price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i) – (vi) of this Rule.

Parity Price Protection

The Exchange proposes to amend paragraph (g), Parity Price Protection, Interpretations and Policies .01 of Exchange Rule 518, to incorporate the Managed Protection Override feature. Currently the rule text states, Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy. The Exchange proposes to amend this sentence to provide that, Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy, or cancelled if the Managed Protection Override is enabled. This provision allows the Parity Price Protection functionality to operate in conjunction with the Managed Protection Override feature which cancels an order when its price protection feature is triggered. The Exchange believes that offering Members the option to have orders either managed by the Exchange or cancelled when a risk protection is triggered gives Members greater flexibility and control over their orders while retaining the risk protection functionality.

The Exchange proposes to adopt Interpretations and Policies .01 to proposed Rule 532, to state that, when an order is eligible for multiple price protections the System will apply the most conservative. The Exchange offers a number of price protections in the System, for example, if a limit order to buy a non-proprietary product had indicated a price protection[54] for the order at 5 MPVs[55] from the NBBO at the time of receipt and the NBBO for the XYZ Jan 5 put was 4.80 x 5.10 the price protection would not let the order trade at more than 5.35, however, in this instance the proposed Max Put Price Protection would be applied and the order would not trade higher than 5.10, which is the more conservative of the price protections. The Exchange believes that this change promotes the protection of investors as it protects investors from executions at undesirable prices.

Miscellaneous

The Exchange proposes to rename paragraph (e), Wide Market Conditions, SMAT Events and Halts, of Interpretations and Policies .05 of Exchange Rule 518, to new paragraph (a), as a result of the removal of the preceding paragraphs (a), (b), (c), and (d) from Interpretations and Policies .05 of Exchange Rule 518, which have been relocated to new

---

54 See Exchange Rule 515(c)(1).

55 See Exchange Rule 510.

proposed Rule 532. Additionally, the Exchange proposes to make a number of non-substantive changes in Rule 518 to correct internal cross references that have changed as a result of this proposal.

The Exchange also proposes to amend the definition of “Book” in Exchange Rule 100 by adding the clarifying term “simple” to the current definition. The Exchange proposes to define the term “Book” to mean the electronic book of simple buy and sell orders and quotes maintained by the System. When the Exchange introduced complex orders the Exchange defined the “Strategy Book” [56] as the Exchange’s electronic book of complex orders and complex quotes. Additionally, the Exchange defined the “Simple Order Book” [57] as the Exchange’s regular electronic book of orders and quotes in Rule 518. The Exchange believes its proposal to amend the definition provided in Exchange Rule 100 adds clarity to the definition regarding which book of orders and quotes is being referenced.

The Exchange proposes to make a minor non-substantive edit to the rule text of Market Maker Single Side Protection (proposed Rule 532(b)(8)). Currently, the rule text provides that, when triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker.[58] The Exchange now proposes to expand on the previously mentioned sentence to read, the System will provide a notification message to the Market Maker that the protection has been triggered. The Exchange believes that this amendment provides additional detail and clarity regarding the operation of the rule.

---

[56] See Exchange Rule 518(a)(17).

[57] See Exchange Rule 518(a)(15).

[58] See Interpretations and Policies .05(g) of Exchange Rule 518.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[59] in general, and furthers the objectives of Section 6(b)(5) of the Act[60] 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 mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

Managed Protection Override

The Exchange believes that the Managed Protection Override feature 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 providing a mechanism by which Members may determine the way their orders are handled when a risk protection is triggered. The Exchange believes that it has an effective way to manage orders on the Exchange so that they do not execute at potentially erroneous prices, however the Exchange believes that giving Members the option to have their orders cancelled if a risk protection is triggered protects investors and the public interest. When the Exchange cancels an order, a Member can make a decision on what to do with that order based on the then current market conditions and may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price

[59] 15 U.S.C. 78f(b).

[60] 15 U.S.C. 78f(b)(5).

protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Max Put Price Protection

The Exchange believes that the Max Put Price Protection feature 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 providing a risk protection mechanism to prevent trades from occurring at potentially unwanted or erroneous prices. Additionally, the Exchange believes that making this risk protection feature eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Max Put Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Butterfly Spread Variance (“BSV”) Price Protection

The Exchange believes that the Butterfly Spread Variance (“BSV”) Price Protection feature 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 providing a risk protection mechanism that will establish minimum and maximum trading limits to prevent an order from trading at a potentially unwanted or erroneous price.

Additionally, the Exchange believes that making the Butterfly Spread Variance ("BSV") Price Protection eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Butterfly Spread Variance Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Calendar Spread Variance ("CSV") Price Protection

The Exchange believes that amending the Calendar Spread Variance ("CSV") Price Protection feature to enable the Managed Protection Override feature 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 providing Members the option of having the Exchange manage their order when a price protection is triggered, or having their order cancelled when a price protection is triggered, if the Managed Protection Override is enabled. The Exchange believes cancelling an order in this scenario benefits Members as it allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

The Exchange believes amending the rule text to clarify the operation of the rule and to harmonize the rule text to that of the Vertical Spread Variance ("VSV") and Butterfly Spread Variance ("BSV") Price Protections promotes the protection of investors by having similar rule text and similar behavior for similar price protections which provides clarity and consistency within the Exchange's rulebook. A clear and concise rulebook benefits investors and the public interest as it reduces the chance for confusion regarding the operation of price protection functionality.

Vertical Spread Variance ("VSV") Price Protection

The Exchange believes that amending the Vertical Spread Variance ("VSV") Price Protection feature to enable the Managed Protection Override feature 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 providing Members the option of having the Exchange manage their order when a price protection is triggered, or having their order cancelled, when a price protection is triggered, if the Managed Protection Override is enabled. The Exchange believes cancelling an order in this scenario benefits Members as it allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

The Exchange believes amending the rule text to clarify the operation of the rule and to harmonize the rule text to that of the Calendar Spread Variance ("CSV") and Butterfly Spread Variance ("BSV") Price Protections promotes the protection of investors by having similar rule text and similar behavior for similar price protections which provides clarity and consistency within the Exchange's rulebook. A clear and concise rulebook benefits investors and the public interest as it reduces the chance for confusion regarding the operation of price protection functionality.

MIAX Strategy Price Protection ("MSPP")

The Exchange believes that the adoption of the MIAX Strategy Price Protection ("MSPP") promotes just and equitable principles of trade, and facilitates transactions in securities, remove 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 providing an order price protection that establishes a minimum and maximum trading value to prevent potentially unwanted or erroneous executions from occurring. The Exchange believes that when the MSPP is priced less aggressively than the limit price of the complex order that executing the order, up to an including its MSPP for buy orders, or down to and including its MSPP for sell orders, and cancelling any unexecuted portion of the order, protects investors and the public interest. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the

Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Parity Price Protection

The Exchange believes that amending Interpretations and Policies .01(g), Parity Price Protection, of Exchange Rule 518, to operate in conjunction with the Managed Protection Override feature promotes just and equitable principles of trade, and facilitates transactions in securities, 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 providing Members greater flexibility and control over their orders if the Parity Price Protection is triggered. The Exchange believes that making this risk protection feature eligible for the Managed Protection Override feature benefits Members as it gives them the option to have their order cancelled if the Parity Price Protection is triggered and the Managed Protection Override feature is enabled. Cancelling orders back to Members allows them to make a decision on what to do with their order based on the then current market conditions and a Member may choose to re-submit the order at the same or different limit price. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with the option to either manage their own orders or have the Exchange manage their orders when a price protection is triggered which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

Miscellaneous

The Exchange believes that amending the definition of “Book” promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 providing a clarifying term to the existing definition. In particular, the Exchange believes that the proposed change 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.

The Exchange believes that relocating the Implied Away Best bid or Offer ("ixABBO") Price Protection and the Complex MIAX Options Price Collar Protection from Interpretations and Policies .05 of Exchange Rule 518 to new proposed Rule 532 in their entirety and without modification 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 and, in general, protects investors and the public interest by organizing and consolidating risk protections into a single Rule. The Exchange believes that organizing and consolidating the Exchange's risk protection features as described herein provides ease of reference for investors and the public when reviewing the Exchange's rulebook and it is in the best interest of investors and the public for the Exchange's rulebook to be clear and accurate so as to avoid confusion.

The Exchange believes that the non-substantive update to the Market Maker Single Side Protection rule text provides additional detail and clarity regarding the operation of the rule by specifying that the notification message to Market Makers will indicate that the price protection has been triggered. The Exchange believes it benefits investors and the public interest for rules to be accurate and concise as it reduces the chance for confusion regarding the operation of Exchange functionality.

The Exchange believes the proposed change to correct internal cross references within the Exchange's Rulebook 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 the proposal ensures that the Exchange's rules are accurate. The Exchange notes that the proposed changes to correct internal cross references and to make minor non-substantive edits does not alter the application of each rule. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and national exchange system. In particular, the Exchange believes that the proposed rule 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.

The Exchange believes this proposal 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 providing new price protection features for MIAX Members. Additionally, the description of the System's functionality is designed to promote just and equitable principles of trade by providing a clear and accurate description to all participants of how the price protection process is applied and should assist investors in making decisions concerning their orders. Further, the Exchange believes that the price protection features and functionality provides market participants with an appropriate level of risk protection to their orders and contributes to the maintenance of a fair and orderly market.

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.

Specifically, the Exchange does not believe that the proposed changes will impose any burden on intra-market competition as the rules of the Exchange apply equally to all MIAX participants. The price protections are available for any MIAX Member that submits orders or quotes to the Exchange. Any MIAX Member that submits a complex order to the Exchange will benefit from the risk protections proposed herein. Further any MIAX Member that seeks to buy or sell a put will be afforded the MAX Put Price Protection. Additionally, any Member may elect to enable the Managed Protection Override feature to allow the Exchange to cancel their orders when a risk protection is triggered.

In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to protect investors by providing additional price protection functionality and further enhancements and transparency to the Exchange’s risk protections. The Exchange’s proposal may promote inter-market competition as the Exchange’s proposal adds additional price protection features and functionality that may attract additional order flow to the Exchange, thereby promoting inter-market 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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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-2021-58, Amendment No. 1 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MIAX-2021-58, Amendment No. 1. 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 Web site (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-2021-58, Amendment No. 1 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.[61]

Vanessa Countryman
Secretary

---

[61] 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Amendment 1 with the proposed changes in the Original Filing shown as if adopted. Proposed changes in this Amendment 1 appear double-underlined; stricken text is being removed.

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

*****

Rule 100. Definitions

*****

Board
The term **"Board"** means the Board of Directors of Miami International Securities Exchange, LLC.

Book
The term **"Book"** means the electronic book of simple buy and sell orders and quotes maintained by the System.

By-Laws
The term **"By-Laws"** means the By-Laws of Miami International Securities Exchange, LLC, as the same may be amended from time to time.

*****

Rule 518. Complex Orders

(a) **Definitions**.

(1) **–** (8) No change.

(9) **Derived Order**. A "derived order" is an Exchange-generated limit order on the Simple Order Book that represents either the bid or offer of one component of a complex order resting on the Strategy Book that is comprised of orders to buy or sell two option components where one component has a base ratio of "one" relative to the other component (1:1, 1:2, or 1:3). Derived orders will not be routed outside of the Exchange regardless of the price(s) disseminated by away markets. The Exchange will determine on a class-by-class basis to make available derived orders and communicate such determination to Members via a Regulatory Circular. Derived orders are firm orders (i.e., if executed, firm for the disseminated price and size) that are included in the MBBO (as defined in subparagraph (a)(13) below). Derived orders are subject to the managed interest process described in Rule 515(c)(1)(ii).

(i) – (v) No change.

(vi) A derived order is automatically removed from the Simple Order Book if:

(A) – (D) No change.

(E) any component of the complex order resting on the Strategy Book that is used to generate the derived order is subject to a Simple Market Auction or Timer ("SMAT") Event, as described in subparagraph (a)(16) below, a wide market condition (as described in Interpretations and Policies .05(a) of this Rule), or a halt.

If a derived order is removed from the Simple Order Book, the System will continually evaluate any remaining complex order(s) on the Strategy Book to determine whether a new derived order should be generated, as described in Rule 518(c)(5).

(vii) No change

(10) – (15) No change.

(16) **Simple Market Auction or Timer ("SMAT") Event**. A SMAT Event is defined as any of the following:

(i) – (iv) No change.

Complex orders and quotes will be handled during a SMAT Event as described in Interpretations and Policies .05(a)(2) of this Rule.

(17) No change.

(b) **Types of Complex Orders**.

(1) – (9) No change.

(c) **Trading of Complex Orders and Quotes**. The Exchange will determine and communicate to Members via Regulatory Circular which complex order origin types (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the Strategy Book. Complex orders and quotes will be subject to all other Exchange Rules that pertain to orders and quotes generally, unless otherwise provided in this Rule 518. This Rule 518(c) governs trading of all complex order types set forth in Rule 518(b) above, unless otherwise specified in Rule 518(b).

(1) **Minimum Increments and Trade Prices**.

(i) – (iii) No change.

(iv) A complex order or eQuote (as defined in Interpretations and Policies .02 of this Rule) will not be executed at a price that is outside of its MPC Price (as defined in Rule 532(b)(6)) or its limit price.

(2) **Execution of Complex Orders and Quotes**.

(i) No change.

(ii) **Prices for Complex Strategy Executions.** Incoming complex orders and quotes will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order (as defined in Rule 100) at the best icMBBO price. Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Order Book, and the net price of a complex order executed against another complex order on the Strategy Book will never be inferior to the price that would be available if the complex order legged into the Simple Order Book. Incoming complex orders that could not be executed because the executions would be priced (A) outside of the icMBBO, or (B) equal to or through the icMBBO due to a Priority Customer Order at the best icMBBO price, will be cancelled if such complex orders are not eligible to be placed on the Strategy Book. Complex orders and quotes will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same options contracts provided, however, that such complex order price may be subject to the Implied Exchange Away Best Bid or Offer ("ixABBO") Protection described in Rule 532(b)(7), and are subject to the MPC price protection feature described in Rule 532(b)(6).

(iii) **–** (v) No change.

(3) **Complex Order Priority**.

(i) **–** (ii) No change.

(4) No change.

(5) **Evaluation Process.** The Strategy Book is evaluated upon receipt of a new complex order or quote, and is evaluated continually thereafter by the System.

(i) No change.

(ii) **Continual Evaluation.** The System will continue to evaluate complex orders and quotes on the Strategy Book. The System will continue to determine if such complex orders are Complex Auction-eligible orders, using the process and criteria described in Interpretations and Policies .03(c) of this Rule regarding the Re-evaluation Improvement Percentage ("RIP"). The System will also continue to evaluate (A) whether such complex orders or quotes are eligible for full or partial execution against a complex order or quote resting on the Strategy Book; (B) whether such complex orders or quotes are eligible for full or partial execution through Legging with the Simple Order Book (as described in Rule 518(c)(2)(iii) and discussed above); (C) whether all or any remaining portion of a complex order or quote should be placed on the Strategy Book; (D) whether a derived order should be generated or cancelled; (E) the eligibility of such complex orders and quotes (as applicable) to participate in the managed interest process as described in subparagraph (c)(4) above; and (F) whether such complex orders should be cancelled. The System will also continue to evaluate whether there is a SMAT Event, a wide market condition (as described in Interpretations and Policies .05(a)(1) of this Rule), a halt (as described in Interpretations and Policies .05(a)(3) of this Rule) affecting any component of a complex strategy. Complex orders and quotes will be handled during such events in the manner set forth in Interpretations and Policies .05(a) of this Rule.

(iii) – (iv) No change.

(6) No change.

(d) **Complex Auction Process**. Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an “eligible class”). Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses (“RFR”).

(1) – (4) No change.

(5) **Processing of Complex Auction-eligible Orders**.

(i) - (ii) No change.

(iii) Notwithstanding the foregoing in this subparagraph (d)(5), the Complex Auction will terminate (A) at the end of the Response Time Interval without trading when any individual component of a complex strategy in the Complex Auction process is subject to a wide market condition as described in Interpretations and Policies .05(a)(1) of this Rule, or to a SMAT Event as described in paragraph (a)(16) and Interpretations and Policies .05(a)(2) of this Rule, or (B) immediately without trading if any individual component or underlying security of a complex strategy in the Complex Auction process is subject to a halt as described in Interpretations and Policies .05(a)(3) of this Rule.

(iv) No change.

(6) **Complex Auction Pricing**. A complex strategy will not be executed at a net price that would cause any component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer order on the Simple Order Book without improving the MBBO on at

least one component of the complex strategy by at least $.01. At the conclusion of the Response Time Interval, Complex Auction-eligible orders will be priced and executed as follows, and allocated pursuant to subparagraph (7) below:

(i) Using $0.01 inside the current icMBBO as the boundary (the "boundary"), the System will calculate the price where the maximum quantity of contracts can trade and also determine whether there is an imbalance.

(A) If there is no imbalance, the System will calculate the Complex Auction price using the following:

1. No change.

2. If two or more prices satisfy the maximum quantity criteria, the System will calculate the midpoint of the lowest and highest price points that satisfy the maximum quantity criteria, such midpoint price is used as the Complex Auction price. For orders with ixABBO Price Protection, as described in Rule 532(b)(7) (for purposes of this subparagraph (d)(6), "price protection"), the midpoint pricing will use the price protection range selected by the Member at the end of the Complex Auction.

a. – b. No change.

(B) No change.

(7) **Allocation at the Conclusion of a Complex Auction**. Orders and quotes executed in a Complex Auction will be allocated first in price priority based on their original limit price (or protected price, as described in Rule 532, if price protection is engaged) and thereafter as follows:

(i) – (vi)

(8) – (11)

(12) **Effect of Wide Market Conditions, SMAT Events, and Trading Halts**. If, during a Complex Auction, the underlying security and/or any component of a Complex Auction-eligible order is subject to a wide market condition, a SMAT Event or a trading halt, the Complex Auction will be handled as set forth in Interpretations and Policies .05(a) of this Rule.

(e) **Complex Liquidity Exposure Process ("cLEP") for Complex Orders.** The System will initiate a cLEP Auction whenever a complex order or eQuote would execute or post at a price that would violate its MPC Price, as described in Rule 532(b)(6). The System will post the complex order or eQuote to the Strategy Book at its MPC Price and begin the cLEP Auction by broadcasting a liquidity exposure message to all subscribers of the Exchange's data feeds. The liquidity exposure message will include the symbol, side of the market, auction start price (MPC Price of the complex order or eQuote), and the imbalance quantity.

Response Time Interval. The "Response Time Interval" means the period of time during which responses to the liquidity exposure message may be entered. The duration of the Response Time Interval shall be no less than 100 milliseconds and no more than 5,000 milliseconds, as determined by the Exchange and announced through a Regulatory Circular.

Responses. Members may submit a response to the liquidity exposure message during the Response Time Interval. Responses may be submitted in $0.01 increments. Responses must be a cAOC order or a cAOC eQuote as defined in Interpretations and Policies .02 of this Rule and may be submitted on either side of the market. Responses represent non-firm interest that can be withdrawn at any time prior to the end of the Response Time Interval. At the end of the Response Time Interval, responses are firm (i.e., guaranteed at the response price and size). Any responses not executed in full will expire at the end of the cLEP Auction. A response on the opposite side of the initiating order with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating order (the "aggregate auctioned size") will be capped for allocation purposes at the aggregate auctioned size.

End of Complex Liquidity Exposure Process. At the conclusion of the cLEP Auction the resulting trade price will be determined by the Exchange's Complex Auction Pricing described in subsection (d)(6) of this Rule and interest will be executed as provided in subsection (d)(6) of this Rule. In no event will the resulting trade price of a cLEP Auction ever be more aggressive than the MPC Price. Remaining liquidity with an original limit price that is (i) less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the MPC Price will be handled in accordance with subsection (c)(2)(ii) – (v) of this Rule, or (ii) more aggressive than the MPC Price will be subject to the Reevaluation process as described below.

Allocation at the Conclusion of a Complex Liquidity Exposure Auction. Orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, orders subject to the MIAX Strategy Price Protection ("MSPP") (as described in Rule 532(b)(5)) are allocated using their protected price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i) – (vi) of this Rule.

Reevaluation. At the conclusion of a cLEP Auction, the System will calculate the next potential MPC Price for remaining liquidity with an original limit price or protected price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). The System will initiate a cLEP Auction for liquidity that would execute or post at a price that would violate its New MPC Price. Liquidity with an original limit price or protected price less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the New MPC Price will be posted to the Strategy Book at its original limit price or handled in accordance with subsection (c)(2)(ii) – (v) of this Rule. The cLEP process will continue until no liquidity remains with an original limit price that is more aggressive than its MPC Price. At the conclusion of the cLEP process, any liquidity that has not been executed will be posted to the Strategy Book at its original limit price.

Interpretations and Policies:

01 **Special Provisions Applicable to Stock-Option Orders**:

(a) – (f) No change.

(g) **Parity Price Protection.** The System will provide parity price protection for strategies that consist of a sale (purchase) of one call and the purchase (sale) of 100 shares of the underlying stock ("Buy-Write") or that consist of the purchase (sale) of one put and the purchase (sale) of 100 shares of the underlying stock ("Married-Put"). A Parity Spread Variance ("PSV") value between $0.00 and $0.50 which will be uniform for all option classes traded on the Exchange, will be determined by the Exchange and communicated via Regulatory Circular. The PSV will be used to calculate a minimum option trading price limit that the System will prevent the option leg from trading below. For call option legs, the PSV value is added to the strike price of the option to establish a parity protected price for the strategy. For put option legs, the PSV value is subtracted from the strike price of the option to establish a parity protected price for the strategy. Married-Put and Buy-Write interest to buy (buy put and buy stock; or buy call and sell stock) that is priced below the parity protected price for the strategy will be rejected. Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy, or cancelled if the Managed Protection Override is enabled.

.02 – .04 No change.

.05 **Price and Other Protections.** Unless otherwise specifically set forth herein, the price and other protections contained in this Interpretations and Policies .05 apply to all complex order types set forth in Rule 518(b) above.

(a) **Wide Market Conditions, SMAT Events and Halts.**

(1) **Wide Market Condition.** 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).

(i) **Wide Market Condition During Free Trading**. If a wide market condition exists for a component of a complex strategy, trading in the complex strategy will be suspended, except as otherwise set forth in sub-paragraph (a)(1)(iii) below. The Strategy Book will remain available for Members to enter and manage complex orders and quotes. New Complex Auctions will not be initiated and incoming Complex Auction-eligible orders that could have otherwise caused an auction to begin will be placed on the Strategy Book. Incoming complex orders with a time in force of IOC will be cancelled.

The System will continue to evaluate the Strategy Book. If a wide market condition exists for a component of a complex strategy at the time of evaluation, complex orders or quotes that could have otherwise been executed will not be executed until the wide market condition no longer exists. When the wide market condition no longer exists, the System will again evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **Wide Market Condition During a Complex Auction**. If, at the expiration of the Response Time Interval, a wide market condition exists for a component of a complex strategy in the Complex Auction, trading in the complex strategy will be suspended, and any RFR Responses will be cancelled. Remaining Complex Auction-eligible orders will then be placed on the Strategy Book. When the wide market condition no longer exists, the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(iii) **Wide Market Condition and cPRIME, cC2C, cQCC, and RFC Orders.** 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.

(2) **SMAT Events.**

(i) **SMAT Events During Free Trading**. If a SMAT Event exists during free trading for an option component of a complex strategy, trading in the complex strategy will be suspended. The Strategy Book will remain available for Members to enter and manage complex orders and quotes. New Complex Auctions may be initiated for incoming Complex Auction-eligible orders that meet the requirements of the URIP as described in Interpretations and Policies .03(b) of this Rule. Incoming complex orders and quotes that could otherwise be executed during the SMAT Event(s) without entering the Complex Auction process will be placed on the Strategy Book. Incoming complex orders received during a SMAT Event with a time in force of IOC will be cancelled by the System.

The System will continue to evaluate the Strategy Book. When the SMAT Event(s) no longer exist(s), the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **SMAT Events During a Complex Auction.** If, at the end of the Response Time Interval, an option component of a complex strategy is in a SMAT Event, trading in the complex strategy will be suspended and all RFR Responses will be cancelled. Remaining Complex Auction-eligible orders will then be placed on the Strategy Book. When the SMAT Event(s) no longer exist(s), the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether marketable complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(3) **Halts.**

(i) **Halts During Free Trading.** If a trading halt exists for the underlying security or a component of a complex strategy, trading in the complex strategy will be suspended. The Strategy Book will remain available for members to enter and manage complex orders and quotes. Incoming complex orders and quotes that could otherwise be executed or initiate a Complex Auction in the absence of a halt will be placed on the Strategy Book. Incoming complex orders and quotes with a time in force of IOC will be cancelled.

When trading in the halted component(s) and/ or underlying security of the complex order resumes, the System will evaluate the Strategy Book pursuant to subparagraph (c)(2)(i) of this Rule, and will use the process and criteria respecting the IIP as described in Interpretations and Policies .03(a) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **Halts During the Complex Auction.** If, during a Complex Auction, any component(s) and/or the underlying security of a Complex Auction-eligible order is halted, the Complex Auction will end early without trading and all RFR Responses will be cancelled. Remaining complex orders will be placed on the Strategy Book if eligible, or cancelled. When trading in the halted component(s) and/or underlying security of the complex order resumes, the System will evaluate the Strategy Book pursuant to subparagraph (c)(2)(i) above, and will use the process and criteria respecting the IIP as described in Interpretations and Policies .03(a) of this Rule to determine whether marketable complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

.06 – .08 No change.

*****

Rule 532. Order and Quote Price Protection Mechanisms and Risk Controls

Managed Protection Override. The Managed Protection Override is a setting which, when enabled, allows Members to have their orders cancelled after a risk protection setting is triggered. If enabled the Managed Protection Override will apply to all of the risk protections listed below.

The following risk protection settings are subject to the Managed Protection Override:

- Vertical Spread Variance (“VSV”) Price Protection
- Calendar Spread Variance (“CSV”) Price Protection
- Butterfly Spread Variance (“BSV”) Price Protection
- Parity Price Protection
- Max Put Price Protection

The Managed Protection Override does not apply to ~~D~~derived ~~O~~orders.

(a) **Simple Orders.**

(1) **Max Put Price Protection.** The Exchange will determine a maximum trading price limit for a Put option as the strike price plus a pre-set value, the Put Price Variance ~~(“PPV”)~~.

(i) ~~Orders to buy~~Buy orders that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or cancelled if the Managed Protection Override (“MPO”) is enabled. ~~Orders to sell~~Sell orders that are priced higher than the maximum trading price limit will be rejected.

(ii) A bid quote through the maximum trading price limit will trade up to, and including the maximum trading price limit, then will be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or in the case of a bid eQuote, will be cancelled.

(iii) An offer quote ~~higher~~greater than the maximum trading price limit is not rejected and will be placed on the Book and displayed. An offer eQuote greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(b) **Complex Orders.**

(1) **Definitions**. For purposes of this paragraph (b):

(i) Butterfly Spread. A "Butterfly Spread" is a three legged Complex Order with two legs to buy (sell) the same number of calls (puts) and one leg ~~is~~ to sell (buy) twice the number of calls (puts), all legs have the same expiration~~;~~ date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. ~~t~~The strike price of each leg is equidistant from the next sequential strike price~~; and all legs overlie the same security~~.

(ii) Calendar Spread. A "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price.

(iii) Vertical Spread. A "Vertical Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices.

(2) Butterfly Spread Variance ("BSV") Price Protection. The Exchange will determine a Butterfly Spread Variance ("BSV") which establishes minimum and maximum trading price limits for Butterfly Spreads.

(i) The minimum possible trading price limit of a Butterfly Spread is zero minus a pre-set value. The maximum possible trading price limit of a Butterfly Spread is the absolute value of the difference between the closest strikes (the upper strike price minus the middle strike price or the middle strike price minus the lower strike price) plus a pre-set value.

(ii) If the execution price of a complex order would be outside ~~(bid higher than the maximum price limit or offer lower than minimum price limit)~~ of the limits set forth in paragraph (i) above~~,~~ (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum ~~value~~trading price limit for bids or down to, and including, the minimum ~~value~~trading price limit for offers. Remaining interest will then will be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) ~~Bids~~Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. ~~Offers~~Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(3) **Calendar Spread Variance ("CSV") Price Protection**. The Exchange will determine a Calendar Spread Variance ("CSV") which establishes a minimum trading price limit for Calendar Spreads.

(i) The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value.

~~(ii) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.~~

~~(iii) CSV Price Protection applies only to strategies in American-style option classes.~~

(ii)~~(iv)~~ ~~**CSV Price Protection.**~~ If the execution price of a complex order would be outside of the limit ~~(offers lower than the minimum trading price limit)~~ set forth in subparagraph (i) above~~,~~ (offers lower than the minimum trading price limit), such complex order will trade down to, and including, the minimum ~~value~~trading price limit. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled. ~~Orders to buy below the minimum trading price limit will be rejected by the System.~~

(iii) Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled.

(iv) CSV Price Protection applies only to strategies in American-style option classes.

(v) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(4) **Vertical Spread Variance ("VSV") Price Protection**. The Exchange will determine a Vertical Spread Variance ("VSV") which establishes minimum and maximum trading price limits for Vertical Spreads.

(i) The maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

~~(ii) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.~~

(ii)~~(iii)~~ ~~**VSV Price Protection.**~~ If the execution price of a complex order would be outside ~~(bid higher than the maximum trading price limit or offer lower than the minimum trading price limit)~~ of the limits set forth in subparagraph (i) above~~,~~ (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum ~~value~~trading price limit for bids or down to, and including, the minimum ~~value~~trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled. ~~Orders to buy below the minimum trading price limit will be rejected by the System. Orders to sell above the maximum price will be rejected.~~

(iii) Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(5) **MIAX Strategy Price Protection (“MSPP”)**. The System provides a MIAX Strategy Price Protection (“MSPP”) for complex orders. The MSPP establishes a maximum protected price for buy orders and a minimum protected price for sell orders.

(i) ~~All complex orders (excluding cIOC orders, cAOC orders, complex crossing orders, cIOC eQuotes, and cAOC eQuotes)~~ Complex orders with a time in force of Day or GTC are eligible for MSPP.

(ii) To calculate the protected price the System will use a MIAX Strategy Price Protection Variance (“MSPPV”) which will be determined by the Exchange and communicated to Members via Regulatory Circular.

(iii) The MSPP is calculated for ~~B~~buy orders by adding the MSPPV to the offer side of the cNBBO (or the offer side of the dcMBBO if the cNBBO is crossed). The MSPP is calculated for ~~S~~sell orders by subtracting the MSPPV from the bid side of the cNBBO (or the bid side of the dcMBBO if the cNBBO is crossed).

(iv) The MSPP is established:

(A) upon receipt of the complex order during free trading; or

(B) if the complex order is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(a)(1) of Rule 518, no longer exists.

(D) If a Wide Market condition exists at the start of a Complex Auction or a cPRIME Auction, buy orders are assigned an MSPP equal to the Auction Start Price plus the MSPPV and sell orders are assigned an MSPP equal to the Auction Start Price less the MSPPV.

(v) If the MSPP is priced less aggressively than the limit price of the complex order (i.e., the MSPP is less than the complex order’s bid price for a buy order, or the MSPP is greater than the complex order’s offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its MSPP for buy orders; or (ii) displayed and/or executed down to, and including, its MSPP for sell orders. Any unexecuted portion of such a complex order will be canceled.

(vi) If the MSPP is priced equal to, or more aggressively than, the limit price of the complex order (i.e., the MSPP is greater than the complex order's bid price for a buy order, or the MSPP is less than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its limit price for buy orders; or (ii) displayed and/or executed down to, and including, its limit price for sell orders. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Rule 518; (B) may be submitted, if eligible, to the managed interest process described in Rule 518(c)(4);or (C) may be placed on the Strategy Book at its limit price.

(6) **Complex MIAX Options Price Collar Protection**. The System provides a Complex MIAX Price Collar ("MPC") price protection feature for complex orders. The MPC is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").

(i) All complex orders (excluding cPRIME Orders), together with cAOC eQuotes and cIOC eQuotes (as defined in Interpretations and Policies .02(c)(1) and (2) of Rule 518) (collectively, "eQuotes"), are subject to the MPC price protection feature.

(ii) The minimum MPC Setting is $0.00 and the maximum MPC Setting is $1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

(iii) The MPC Price is established:

(A) upon receipt of the complex order or eQuote during free trading, or

(B) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(a)(1) of Rule 518, no longer exists.

(iv) A Temporary MPC Price ("TMPC Price") is established solely for use during a Complex Auction (as described in Rule 518(d)) or a cPRIME Auction (as described in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.

(v) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be subject to the cLEP as described in subsection (e) of Rule 518, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

(vi) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

(7) **Implied Away Best Bid or Offer ("ixABBO") Price Protection**. The ixABBO price protection feature is a price protection mechanism under which, when in operation as requested by the submitting Member, a buy order will not be executed at a price that is higher than each other single exchange's best displayed offer for the complex strategy, and under which a sell order will not be executed at a price that is lower than each other single exchange's best displayed bid for the complex strategy. The ixABBO is calculated using the best net bid and offer for a complex strategy using each other exchange's displayed best bid or offer on their simple order book. For stock-option orders, the ixABBO for a complex strategy will be calculated using the BBO for each component on each individual away options market and the NBBO for the stock component. The ixABBO price protection feature must be engaged on an order-by-order basis by the submitting Member and is not available for complex Standard quotes, complex eQuotes, cAOC orders, cPRIME Orders, cC2C Orders, and cQCC Orders.

(8) **Market Maker Single Side Protection**. A Market Maker may determine to engage the Market Maker Single Side Protection ("SSP") feature by Market Participant Identifier ("MPID"). If the full remaining size of a Market Maker's complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker that the protection has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset").

Interpretations and Policies:

.01 When an order is eligible for multiple price protections the System will apply the most conservative.

*****

EXHIBIT 5

New text is <u>underlined</u>;
Deleted text is in [brackets]

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC Rules

****

Rule 100. Definitions

****

Board
The term **"Board"** means the Board of Directors of Miami International Securities Exchange, LLC.

Book
The term **"Book"** means the electronic book of <u>simple</u> buy and sell orders and quotes maintained by the System.

By-Laws
The term **"By-Laws"** means the By-Laws of Miami International Securities Exchange, LLC, as the same may be amended from time to time.

****

Rule 518. Complex Orders

(a) **Definitions**.

(1) **–** (8) No change.

(9) **Derived Order**. A "derived order" is an Exchange-generated limit order on the Simple Order Book that represents either the bid or offer of one component of a complex order resting on the Strategy Book that is comprised of orders to buy or sell two option components where one component has a base ratio of "one" relative to the other component (1:1, 1:2, or 1:3). Derived orders will not be routed outside of the Exchange regardless of the price(s) disseminated by away markets. The Exchange will determine on a class-by-class basis to make available derived orders and communicate such determination to Members via a Regulatory Circular. Derived orders are firm orders (i.e., if executed, firm for the disseminated price and size) that are included in the MBBO (as defined in subparagraph (a)(13) below). Derived orders are subject to the managed interest process described in Rule 515(c)(1)(ii).

(i) **–** (v) No change.

(vi) A derived order is automatically removed from the Simple Order Book if:

(A) – (D) No change.

(E) any component of the complex order resting on the Strategy Book that is used to generate the derived order is subject to a Simple Market Auction or Timer ("SMAT") Event, as described in subparagraph (a)(16) below, a wide market condition (as described in Interpretations and Policies .05([e]a) of this Rule), or a halt.

If a derived order is removed from the Simple Order Book, the System will continually evaluate any remaining complex order(s) on the Strategy Book to determine whether a new derived order should be generated, as described in Rule 518(c)(5).

(vii) No change

(10) – (15) No change.

(16) **Simple Market Auction or Timer ("SMAT") Event**. A SMAT Event is defined as any of the following:

(i) – (iv) No change.

Complex orders and quotes will be handled during a SMAT Event as described in Interpretations and Policies .05([e]a)(2) of this Rule.

(17) No change.

(b) **Types of Complex Orders**.

(1) – (9) No change.

(c) **Trading of Complex Orders and Quotes**. The Exchange will determine and communicate to Members via Regulatory Circular which complex order origin types (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the Strategy Book. Complex orders and quotes will be subject to all other Exchange Rules that pertain to orders and quotes generally, unless otherwise provided in this Rule 518. This Rule 518(c) governs trading of all complex order types set forth in Rule 518(b) above, unless otherwise specified in Rule 518(b).

(1) **Minimum Increments and Trade Prices**.

(i) – (iii) No change.

(iv) A complex order or eQuote (as defined in Interpretations and Policies .02 of this Rule) will not be executed at a price that is outside of its MPC Price (as defined in [Interpretations and Policies .05(f) of this]Rule 532(b)(6)) or its limit price.

(2) **Execution of Complex Orders and Quotes**.

(i) No change.

(ii) **Prices for Complex Strategy Executions.** Incoming complex orders and quotes will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the icMBBO or at a price that is equal to the icMBBO when there is a Priority Customer Order (as defined in Rule 100) at the best icMBBO price. Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Order Book, and the net price of a complex order executed against another complex order on the Strategy Book will never be inferior to the price that would be available if the complex order legged into the Simple Order Book. Incoming complex orders that could not be executed because the executions would be priced (A) outside of the icMBBO, or (B) equal to or through the icMBBO due to a Priority Customer Order at the best icMBBO price, will be cancelled if such complex orders are not eligible to be placed on the Strategy Book. Complex orders and quotes will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same options contracts provided, however, that such complex order price may be subject to the Implied Exchange Away Best Bid or Offer ("ixABBO") Protection described in [Interpretations and Policies .05(d) of this Rule]Rule 532(b)(7), and are subject to the MPC price protection feature described in [Interpretations and Policies .05(f) of this]Rule 532(b)(6).

(iii) – (v) No change.

(3) **Complex Order Priority**.

(i) – (ii) No change.

(4) No change.

(5) **Evaluation Process.** The Strategy Book is evaluated upon receipt of a new complex order or quote, and is evaluated continually thereafter by the System.

(i) No change.

(ii) **Continual Evaluation.** The System will continue to evaluate complex orders and quotes on the Strategy Book. The System will continue to determine if such complex orders are Complex Auction-eligible orders, using the process and criteria described in Interpretations and Policies .03(c) of this Rule regarding the Re-evaluation Improvement Percentage ("RIP"). The System will also continue to evaluate (A) whether such complex orders or quotes are eligible for full or partial execution against a complex order or quote resting on the Strategy Book; (B) whether such complex orders or quotes are eligible for full or partial execution through Legging with the Simple Order Book (as described in Rule 518(c)(2)(iii) and discussed above); (C) whether all or any remaining portion of a complex order or quote should be placed on the Strategy Book;

(D) whether a derived order should be generated or cancelled; (E) the eligibility of such complex orders and quotes (as applicable) to participate in the managed interest process as described in subparagraph (c)(4) above; and (F) whether such complex orders should be cancelled. The System will also continue to evaluate whether there is a SMAT Event, a wide market condition (as described in Interpretations and Policies .05([e]a)(1) of this Rule), a halt (as described in Interpretations and Policies .05([e]a)(3) of this Rule) affecting any component of a complex strategy. Complex orders and quotes will be handled during such events in the manner set forth in Interpretations and Policies .05([e]a) of this Rule.

(iii) – (iv) No change.

(6) No change.

(d) **Complex Auction Process**. Certain option classes, as determined by the Exchange and communicated to Members via Regulatory Circular, will be eligible to participate in a Complex Auction (an "eligible class"). Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a Complex Auction-eligible order into a Complex Auction. Upon entry into the System or upon evaluation of a complex order resting at the top of the Strategy Book, Complex Auction-eligible orders may be subject to an automated request for responses ("RFR").

(1) – (4) No change.

(5) **Processing of Complex Auction-eligible Orders**.

(i) - (ii) No change.

(iii) Notwithstanding the foregoing in this subparagraph (d)(5), the Complex Auction will terminate (A) at the end of the Response Time Interval without trading when any individual component of a complex strategy in the Complex Auction process is subject to a wide market condition as described in Interpretations and Policies .05([e]a)(1) of this Rule, or to a SMAT Event as described in paragraph (a)(16) and Interpretations and Policies .05([e]a)(2) of this Rule, or (B) immediately without trading if any individual component or underlying security of a complex strategy in the Complex Auction process is subject to a halt as described in Interpretations and Policies .05([e]a)(3) of this Rule.

(iv) No change.

(6) **Complex Auction Pricing**. A complex strategy will not be executed at a net price that would cause any component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer order on the Simple Order Book without improving the MBBO on at least one component of the complex strategy by at least $.01. At the conclusion of the Response Time Interval, Complex Auction-eligible orders will be priced and executed as follows, and allocated pursuant to subparagraph (7) below:

(i) Using $0.01 inside the current icMBBO as the boundary (the "boundary"), the System will calculate the price where the maximum quantity of contracts can trade and also determine whether there is an imbalance.

(A) If there is no imbalance, the System will calculate the Complex Auction price using the following:

1. No change.

2. If two or more prices satisfy the maximum quantity criteria, the System will calculate the midpoint of the lowest and highest price points that satisfy the maximum quantity criteria, such midpoint price is used as the Complex Auction price. For orders with ixABBO Price Protection, as described in <u>Rule 532(b)(7)</u>[Interpretations and Policies .05(d) of this Rule] (for purposes of this subparagraph (d)(6), "price protection"), the midpoint pricing will use the price protection range selected by the Member at the end of the Complex Auction.

a. – b. No change.

(B) No change.

(7) **Allocation at the Conclusion of a Complex Auction**. Orders and quotes executed in a Complex Auction will be allocated first in price priority based on their original limit price (or protected price, as described in [Interpretation and Policy .05]<u>Rule 532</u>, if price protection is engaged) and thereafter as follows:

(i) – (vi)

(8) – (11)

(12) **Effect of Wide Market Conditions, SMAT Events, and Trading Halts**. If, during a Complex Auction, the underlying security and/or any component of a Complex Auction-eligible order is subject to a wide market condition, a SMAT Event or a trading halt, the Complex Auction will be handled as set forth in Interpretations and Policies .05([e]<u>a</u>) of this Rule.

(e) **Complex Liquidity Exposure Process ("cLEP") for Complex Orders.** The System will initiate a cLEP Auction whenever a complex order or eQuote would execute or post at a price that would violate its MPC Price, as described in <u>Rule 532(b)(6)</u>[Interpretations and Policies .05(f)]. The System will post the complex order or eQuote to the Strategy Book at its MPC Price and begin the cLEP Auction by broadcasting a liquidity exposure message to all subscribers of the Exchange's data feeds. The liquidity exposure message will include the symbol, side of the market, auction start price (MPC Price of the complex order or eQuote), and the imbalance quantity.

Response Time Interval. The "Response Time Interval" means the period of time during which responses to the liquidity exposure message may be entered. The duration of the Response Time Interval shall be no less than 100 milliseconds and no more than 5,000 milliseconds, as determined by the Exchange and announced through a Regulatory Circular.

Responses. Members may submit a response to the liquidity exposure message during the Response Time Interval. Responses may be submitted in $0.01 increments. Responses must be a cAOC order or a cAOC eQuote as defined in Interpretations and Policies .02 of this Rule and may be submitted on either side of the market. Responses represent non-firm interest that can be withdrawn at any time prior to the end of the Response Time Interval. At the end of the Response Time Interval, responses are firm (i.e., guaranteed at the response price and size). Any responses not executed in full will expire at the end of the cLEP Auction. A response on the opposite side of the initiating order with a size greater than the aggregate size of interest at the same price on the same side of the market as the initiating order (the "aggregate auctioned size") will be capped for allocation purposes at the aggregate auctioned size.

End of Complex Liquidity Exposure Process. At the conclusion of the cLEP Auction the resulting trade price will be determined by the Exchange's Complex Auction Pricing described in subsection (d)(6) of this Rule and interest will be executed as provided in subsection (d)(6) of this Rule. In no event will the resulting trade price of a cLEP Auction ever be more aggressive than the MPC Price. Remaining liquidity with an original limit price that is (i) less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the MPC Price will be handled in accordance with subsection (c)(2)(ii) – (v) of this Rule, or (ii) more aggressive than the MPC Price will be subject to the Reevaluation process as described below.

Allocation at the Conclusion of a Complex Liquidity Exposure Auction. Orders and quotes executed in a cLEP Auction will be allocated first in price priority based upon their original limit price, orders subject to the MIAX Strategy Price Protection ("MSPP") (as described in Rule 532(b)(5)) are allocated using their protected price, and thereafter in accordance with the Complex Auction allocation procedures described in subsection (d)(7)(i) – (vi) of this Rule.

Reevaluation. At the conclusion of a cLEP Auction, the System will calculate the next potential MPC Price for remaining liquidity with an original limit price or protected price more aggressive than the existing MPC Price. The next MPC Price will be calculated as the MPC Price plus (minus) the next MPC increment for buy (sell) orders (the "New MPC Price"). The System will initiate a cLEP Auction for liquidity that would execute or post at a price that would violate its New MPC Price. Liquidity with an original limit price or protected price less aggressive (lower for a buy order or eQuote, or higher for a sell order or eQuote) than or equal to the New MPC Price will be posted to the Strategy Book at its original limit price or handled in accordance with subsection (c)(2)(ii) – (v) of this Rule. The cLEP process will continue until no liquidity remains with an original limit price that is more aggressive than its MPC Price. At the conclusion of the cLEP process, any liquidity that has not been executed will be posted to the Strategy Book at its original limit price.

Interpretations and Policies:

01 **Special Provisions Applicable to Stock-Option Orders**:

(a) – (f) No change.

(g) **Parity Price Protection.** The System will provide parity price protection for strategies that consist of a sale (purchase) of one call and the purchase (sale) of 100 shares of the underlying stock ("Buy-Write") or that consist of the purchase (sale) of one put and the purchase (sale) of 100 shares of the underlying stock ("Married-Put"). A Parity Spread Variance ("PSV") value between $0.00 and $0.50 which will be uniform for all option classes traded on the Exchange, will be determined by the Exchange and communicated via Regulatory Circular. The PSV will be used to calculate a minimum option trading price limit that the System will prevent the option leg from trading below. For call option legs, the PSV value is added to the strike price of the option to establish a parity protected price for the strategy. For put option legs, the PSV value is subtracted from the strike price of the option to establish a parity protected price for the strategy. Married-Put and Buy-Write interest to buy (buy put and buy stock; or buy call and sell stock) that is priced below the parity protected price for the strategy will be rejected. Married-Put and Buy-Write interest to sell (sell put and sell stock; or sell call and buy stock) that is priced below the parity protected price for the strategy will be placed on the Strategy Book at the parity protected price for the strategy<u>, or cancelled if the Managed Protection Override is enabled</u>.

.02 – .04 No change.

.05 **Price and Other Protections.** Unless otherwise specifically set forth herein, the price and other protections contained in this Interpretations and Policies .05 apply to all complex order types set forth in Rule 518(b) above.

[(a) **Vertical Spread Variance ("VSV") Price Protection**. A "Vertical Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices. The VSV establishes minimum and maximum trading price limits for Vertical Spreads.

(1) The maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

(2) The pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular.

(b) **Calendar Spread Variance ("CSV") Price Protection**. A "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price. The CSV establishes a minimum trading price limit for Calendar Spreads.

(1) The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value.

(2) The pre-set value will be uniform for all option classes traded on the Exchange as determined by the Exchange and communicated to Members via Regulatory Circular.

(3) CSV Price Protection applies only to strategies in American-style option classes.

(c) **VSV and CSV Price Protection**. If the execution price of a complex order would be outside of the limits set forth in subparagraphs (a)(1) and (b)(1) of this Interpretations and Policies .05, such complex order will be placed on the Strategy Book and will be managed to the appropriate trading price limit as described in subparagraph (c)(4) above. Orders to buy below the minimum trading price limit and orders to sell above the maximum trading price limit (in the case of Vertical Spreads) will be rejected by the System.

(d) **Implied Away Best Bid or Offer ("ixABBO") Price Protection**. The ixABBO price protection feature is a price protection mechanism under which, when in operation as requested by the submitting Member, a buy order will not be executed at a price that is higher than each other single exchange's best displayed offer for the complex strategy, and under which a sell order will not be executed at a price that is lower than each other single exchange's best displayed bid for the complex strategy. The ixABBO is calculated using the best net bid and offer for a complex strategy using each other exchange's displayed best bid or offer on their simple order book. For stock-option orders, the ixABBO for a complex strategy will be calculated using the BBO for each component on each individual away options market and the NBBO for the stock component. The ixABBO price protection feature must be engaged on an order-by-order basis by the submitting Member and is not available for complex Standard quotes, complex eQuotes, cAOC orders, cPRIME Orders, cC2C Orders, and cQCC Orders.]

([e]<u>a</u>) **Wide Market Conditions, SMAT Events and Halts.**

(1) **Wide Market Condition.** 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).

(i) **Wide Market Condition During Free Trading**. If a wide market condition exists for a component of a complex strategy, trading in the complex strategy will be suspended, except as otherwise set forth in sub-paragraph ([e]<u>a</u>)(1)(iii) below. The Strategy Book will remain available for Members to enter and manage complex orders and quotes. New Complex Auctions will not be initiated and incoming Complex Auction-eligible orders that could have otherwise caused an auction to begin will be placed on the Strategy Book. Incoming complex orders with a time in force of IOC will be cancelled.

The System will continue to evaluate the Strategy Book. If a wide market condition exists for a component of a complex strategy at the time of evaluation, complex orders or quotes that could have otherwise been executed will not be executed until the wide market condition no longer exists. When the wide market condition no longer exists, the System will again evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **Wide Market Condition During a Complex Auction**. If, at the expiration of the Response Time Interval, a wide market condition exists for a component of a complex strategy in the Complex Auction, trading in the complex strategy will be suspended, and any RFR Responses will be cancelled. Remaining Complex Auction-eligible orders will then be placed on the Strategy Book. When the wide market condition no longer exists, the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(iii) **Wide Market Condition and cPRIME, cC2C, cQCC, and RFC Orders.** 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.

(2) **SMAT Events.**

(i) **SMAT Events During Free Trading**. If a SMAT Event exists during free trading for an option component of a complex strategy, trading in the complex strategy will be suspended. The Strategy Book will remain available for Members to enter and manage complex orders and quotes. New Complex Auctions may be initiated for incoming Complex Auction-eligible orders that meet the requirements of the URIP as described in Interpretations and Policies .03(b) of this Rule. Incoming complex orders and quotes that could otherwise be executed during the SMAT Event(s) without entering the Complex Auction process will be placed on the Strategy Book. Incoming complex orders received during a SMAT Event with a time in force of IOC will be cancelled by the System.

The System will continue to evaluate the Strategy Book. When the SMAT Event(s) no longer exist(s), the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **SMAT Events During a Complex Auction.** If, at the end of the Response Time Interval, an option component of a complex strategy is in a SMAT Event, trading in the complex strategy will be suspended and all RFR Responses will be cancelled. Remaining Complex Auction-eligible orders will then be placed on the Strategy Book. When the SMAT Event(s) no longer exist(s), the System will evaluate the Strategy Book pursuant to subparagraph (c)(5)(ii) of this Rule, and will use the process and criteria respecting the RIP as described in Interpretations and Policies .03(c) of this Rule to determine whether marketable complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(3) **Halts.**

(i) **Halts During Free Trading.** If a trading halt exists for the underlying security or a component of a complex strategy, trading in the complex strategy will be suspended. The Strategy Book will remain available for members to enter and manage complex orders and quotes. Incoming complex orders and quotes that could otherwise be executed or initiate a Complex Auction in the absence of a halt will be placed on the Strategy Book. Incoming complex orders and quotes with a time in force of IOC will be cancelled.

When trading in the halted component(s) and/ or underlying security of the complex order resumes, the System will evaluate the Strategy Book pursuant to subparagraph (c)(2)(i) of this Rule, and will use the process and criteria respecting the IIP as described in Interpretations and Policies .03(a) of this Rule to determine whether complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

(ii) **Halts During the Complex Auction.** If, during a Complex Auction, any component(s) and/or the underlying security of a Complex Auction-eligible order is halted, the Complex Auction will end early without trading and all RFR Responses will be cancelled. Remaining complex orders will be placed on the Strategy Book if eligible, or cancelled. When trading in the halted component(s) and/or underlying security of the complex order resumes, the System will evaluate the Strategy Book pursuant to subparagraph (c)(2)(i) above, and will use the process and criteria respecting the IIP as described in Interpretations and Policies .03(a) of this Rule to determine whether marketable complex order interest exists to initiate a Complex Auction, or whether to commence trading in the complex strategy without a Complex Auction.

[(f) **Complex MIAX Options Price Collar Protection**. The Complex MIAX Price Collar ("MPC") price protection feature is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").

(1) All complex orders (excluding cPRIME Orders), together with cAOC eQuotes and cIOC eQuotes (as defined in Interpretations and Policies .02(c)(1) and (2) of this Rule) (collectively, "eQuotes"), are subject to the MPC price protection feature.

(2) The minimum MPC Setting is $0.00 and the maximum MPC Setting is $1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

(3) The MPC Price is established:

(i) upon receipt of the complex order or eQuote during free trading, or

(ii) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(iii) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(e)(1) of this Rule, no longer exists.

(4) A Temporary MPC Price ("TMPC Price") is established solely for use during a Complex Auction (as described in Rule 518(d)) or a cPRIME Auction (as described in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.

(5) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be subject to the cLEP as described in subsection (e) of this Rule, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

(6) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

(g) **Market Maker Single Side Protection.** A Market Maker may determine to engage the Market Maker Single Side Protection ("SSP") feature by Market Participant Identifier ("MPID"). If the full remaining size of a Market Maker's complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset").]

.06 – .08 No change.

*****

Rule 532. Order and Quote Price Protection Mechanisms and Risk Controls

Managed Protection Override. The Managed Protection Override is a setting which, when enabled, allows Members to have their orders cancelled after a risk protection setting is triggered. If enabled the Managed Protection Override will apply to all of the risk protections listed below.

The following risk protection settings are subject to the Managed Protection Override:

- Vertical Spread Variance ("VSV") Price Protection
- Calendar Spread Variance ("CSV") Price Protection
- Butterfly Spread Variance ("BSV") Price Protection

- Parity Price Protection
- Max Put Price Protection

The Managed Protection Override does not apply to derived orders.

(a) **Simple Orders.**

(1) **Max Put Price Protection.** The Exchange will determine a maximum trading price limit for a Put option as the strike price plus a pre-set value, the Put Price Variance).

(i) Buy orders that are priced through the maximum trading price limit will trade up to, and including, the maximum trading price limit, and will then be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or cancelled if the Managed Protection Override ("MPO") is enabled. Sell orders that are priced higher than the maximum trading price limit will be rejected.

(ii) A bid quote through the maximum trading price limit will trade up to, and including the maximum trading price limit, then will be placed on the Book and managed to the appropriate trading price limit as described in Rule 515(c)(1)(ii), or in the case of a bid eQuote, will be cancelled.

(iii) An offer quote greater than the maximum trading price limit is not rejected and will be placed on the Book and displayed. An offer eQuote greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(b) **Complex Orders.**

(1) **Definitions**. For purposes of this paragraph (b):

(i) Butterfly Spread. A "Butterfly Spread" is a three legged Complex Order with two legs to buy (sell) the same number of calls (puts) and one leg to sell (buy) twice the number of calls (puts), all legs have the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. The strike price of each leg is equidistant from the next sequential strike price.

(ii) Calendar Spread. A "Calendar Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price.

(iii) Vertical Spread. A "Vertical Spread" is a complex strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices.

(2) Butterfly Spread Variance ("BSV") Price Protection. The Exchange will determine a Butterfly Spread Variance ("BSV") which establishes minimum and maximum trading price limits for Butterfly Spreads.

(i) The minimum possible trading price limit of a Butterfly Spread is zero minus a pre-set value. The maximum possible trading price limit of a Butterfly Spread is the absolute value of the difference between the closest strikes (the upper strike price minus the middle strike price or the middle strike price minus the lower strike price) plus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limits set forth in paragraph (i) above (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then will be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(3) **Calendar Spread Variance ("CSV") Price Protection**. The Exchange will determine a Calendar Spread Variance ("CSV") which establishes a minimum trading price limit for Calendar Spreads.

(i) The maximum possible value of a Calendar Spread is unlimited, thus there is no maximum price protection for Calendar Spreads. The minimum possible trading price limit of a Calendar Spread is zero minus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limit set forth in subparagraph (i) above (offers lower than the minimum trading price limit), such complex order will trade down to, and including, the minimum trading price limit. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled.

(iv) CSV Price Protection applies only to strategies in American-style option classes.

(v) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(4) **Vertical Spread Variance ("VSV") Price Protection**. The Exchange will determine a Vertical Spread Variance ("VSV") which establishes minimum and maximum trading price limits for Vertical Spreads.

(i) The maximum possible trading price limit of the VSV is the difference between the two component strike prices plus a pre-set value. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum trading price limit of $5.00 plus a pre-set value. The minimum possible trading price limit of a Vertical Spread is always zero minus a pre-set value.

(ii) If the execution price of a complex order would be outside of the limits set forth in subparagraph (i) above (bid higher than the maximum trading price limit or offer lower than the minimum trading price limit), such complex order will trade up to, and including, the maximum trading price limit for bids or down to, and including, the minimum trading price limit for offers. Remaining interest will then be placed on the Strategy Book and managed to the appropriate trading price limit as described in Rule 518(c)(4), or cancelled if the Managed Protection Override is enabled.

(iii) Buy orders with a limit price less than the minimum trading price limit will be rejected. Bid eQuotes with a limit price less than the minimum trading price limit will be cancelled. Sell orders with a limit price greater than the maximum trading price limit will be rejected. Offer eQuotes with a limit price greater than the maximum trading price limit will be cancelled.

(iv) The pre-set value will be determined by the Exchange and communicated to Members via Regulatory Circular.

(5) **MIAX Strategy Price Protection ("MSPP")**. The System provides a MIAX Strategy Price Protection ("MSPP") for complex orders. The MSPP establishes a maximum protected price for buy orders and a minimum protected price for sell orders.

(i) Complex orders with a time in force of Day or GTC are eligible for MSPP.

(ii) To calculate the protected price the System will use a MIAX Strategy Price Protection Variance ("MSPPV") which will be determined by the Exchange and communicated to Members via Regulatory Circular.

(iii) The MSPP is calculated for buy orders by adding the MSPPV to the offer side of the cNBBO (or the offer side of the dcMBBO if the cNBBO is crossed). The MSPP is calculated for sell orders by subtracting the MSPPV from the bid side of the cNBBO (or the bid side of the dcMBBO if the cNBBO is crossed).

(iv) The MSPP is established:

(A) upon receipt of the complex order during free trading; or

(B) if the complex order is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(a)(1) of Rule 518, no longer exists.

(D) If a Wide Market condition exists at the start of a Complex Auction or a cPRIME Auction, buy orders are assigned an MSPP equal to the Auction Start Price plus the MSPPV and sell orders are assigned an MSPP equal to the Auction Start Price less the MSPPV.

(v) If the MSPP is priced less aggressively than the limit price of the complex order (i.e., the MSPP is less than the complex order's bid price for a buy order, or the MSPP is greater than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its MSPP for buy orders; or (ii) displayed and/or executed down to, and including, its MSPP for sell orders. Any unexecuted portion of such a complex order will be canceled.

(vi) If the MSPP is priced equal to, or more aggressively than, the limit price of the complex order (i.e., the MSPP is greater than the complex order's bid price for a buy order, or the MSPP is less than the complex order's offer price for a sell order) the order will be (i) displayed and/or executed up to, and including, its limit price for buy orders; or (ii) displayed and/or executed down to, and including, its limit price for sell orders. Any unexecuted portion of such a complex order: (A) will be subject to the cLEP as described in subsection (e) of Rule 518; (B) may be submitted, if eligible, to the managed interest process described in Rule 518(c)(4);or (C) may be placed on the Strategy Book at its limit price.

(6) **Complex MIAX Options Price Collar Protection**. The System provides a Complex MIAX Price Collar ("MPC") price protection feature for complex orders. The MPC is an Exchange-wide price protection mechanism under which a complex order or eQuote to sell will not be displayed or executed at a price that is lower than the opposite side cNBBO bid at the time the MPC is assigned by the System (i.e., upon receipt or upon opening) by more than a specific dollar amount expressed in $0.01 increments (the "MPC Setting"), and under which a complex order or eQuote to buy will not be displayed or executed at a price that is higher than the opposite side cNBBO offer at the time the MPC is assigned by the System by more than the MPC Setting (each the "MPC Price").

(i) All complex orders (excluding cPRIME Orders), together with cAOC eQuotes and cIOC eQuotes (as defined in Interpretations and Policies .02(c)(1) and (2) of Rule 518) (collectively, "eQuotes"), are subject to the MPC price protection feature.

(ii) The minimum MPC Setting is $0.00 and the maximum MPC Setting is $1.00, as determined by the Exchange and communicated to Members via Regulatory Circular. The MPC Setting will apply equally to all options listed on the Exchange in which complex orders are available, and will be the same dollar amount for both buy and sell transactions.

(iii) The MPC Price is established:

(A) upon receipt of the complex order or eQuote during free trading, or

(B) if the complex order or eQuote is not received during free trading, at the opening (or reopening following a halt) of trading in the complex strategy; or

(C) upon evaluation of the Strategy Book by the System when a wide market condition, as described in Interpretations and Policies .05(a)(1) of Rule 518, no longer exists.

(iv) A Temporary MPC Price ("TMPC Price") is established solely for use during a Complex Auction (as described in Rule 518(d)) or a cPRIME Auction (as described in Rule 515A, Interpretations and Policies .12) for (i) any complex order resting on the Strategy Book that does not have an MPC assigned and is eligible to participate in a Complex Auction or a cPRIME Auction in that strategy; or (ii) any complex order or eQuote received during a cPRIME Auction if a wide market condition existed in a component of the strategy at the start of the cPRIME Auction. The TMPC Price shall be the auction start price (the auction start price of a cPRIME Agency Order for a cPRIME Auction is defined in Rule 515A.12(a)(i) and the auction start price for a Complex Auction is defined in Rule 518(d)(1)) plus (minus) the MPC Setting if the order is a buy (sell). If the complex order or eQuote eligible to participate in the Complex Auction or cPRIME Auction is priced more aggressively than the TMPC Price (i.e., the complex order or eQuote price is greater than the TMPC Price for a buy order, or the complex order or eQuote price is lower than the TMPC Price for a sell order) the complex order or eQuote may participate in the auction but will not trade through its TMPC Price.

(v) If the MPC Price is priced less aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is less than the complex order or eQuote's bid price for a buy, or the MPC Price is greater than the complex order or eQuote's offer price for a sell), or if the complex order is a market order, the complex order or eQuote will be displayed and/or executed up to its MPC Price. Any unexecuted portion of such a complex order or eQuote: (A) will be subject to the cLEP as described in subsection (e) of Rule 518, and (B) may be subject to the managed interest process described in Rule 518(c)(4).

(vi) If the MPC Price is priced more aggressively than the limit price of the complex order or eQuote (i.e., the MPC Price is greater than the complex order or eQuote's bid price for a buy, or the MPC Price is less than the complex order or eQuote's offer price for a sell), the complex order or eQuote will be displayed and/or executed up to its limit price. Any unexecuted portion of such a complex order will be submitted, if eligible, to the managed interest process described in Rule 518(c)(4), or placed on the Strategy Book at its limit price. Any unexecuted portion of such a complex eQuote will be cancelled.

(7) **Implied Away Best Bid or Offer ("ixABBO") Price Protection**. The ixABBO price protection feature is a price protection mechanism under which, when in operation as requested by the submitting Member, a buy order will not be executed at a price that is higher than each other single exchange's best displayed offer for the complex strategy, and under which a sell order will not be executed at a price that is lower than each other single exchange's best displayed bid for the complex strategy. The ixABBO is calculated using the best net bid and offer for a complex strategy using each other exchange's displayed best bid or offer on their simple order book. For stock-option orders, the ixABBO for a complex strategy will be calculated using the BBO for each component on each individual away options market and the NBBO for the stock component. The ixABBO price protection feature must be engaged on an order-by-order basis by the submitting Member and is not available for complex Standard quotes, complex eQuotes, cAOC orders, cPRIME Orders, cC2C Orders, and cQCC Orders.

(8) **Market Maker Single Side Protection**. A Market Maker may determine to engage the Market Maker Single Side Protection ("SSP") feature by Market Participant Identifier ("MPID"). If the full remaining size of a Market Maker's complex Standard quote or cIOC eQuote in a strategy is exhausted by a trade, the System will trigger the SSP for the traded side of the strategy. When triggered, the System will cancel all complex Standard quotes and block all new inbound complex Standard quotes and cIOC eQuotes for that particular side of that strategy for that MPID. The System will provide a notification message to the Market Maker that the protection has been triggered. The block will remain in effect until the Market Maker notifies the Exchange (in a manner required by the Exchange and communicated to Members by Regulatory Circular) to reset the SSP ("SSP Reset").

Interpretations and Policies:

.01 When an order is eligible for multiple price protections the System will apply the most conservative.

*****