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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72989; File No. SR–MIAX–  
2014–47]

### Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule

September 4, 2014

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on August 25, 2014, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend its Fee Schedule.

The text of the proposed rule change is available on the Exchange’s Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX’s principal office, and at the Commission’s Public Reference Room.

#### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend its Fee Schedule to: (i) Adopt transaction fees for market participants in non-Penny Pilot options classes; (ii) provide for additional incentives for achieving certain Priority Customer Rebate Program volume tiers; and (iii) to make a minor technical change to delete obsolete language. The proposed changes are based on the similar fees of other competing options exchange.<sup>3</sup>

The Exchange proposes to adopt transaction fees for Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms in non-Penny Pilot options classes. Specifically, the Exchange proposes to assess the following fees for transactions in non-Penny Pilot options classes: (i) Public Customers that are not a Priority Customer, \$0.32 per contract for standard options and \$0.03 per contract for mini options; (ii) Non-MIAX Market Makers, \$0.62 per contract for standard options and \$0.06 per contract for mini options; (iii) Non-Member Broker-Dealers, \$0.62 per contract for standard options and \$0.06 per contract for mini options; and (iv) Firms, \$0.32 per contract for standard options and \$0.03 per contract for mini options. The Exchange notes that the transaction fees for Priority Customers and Market Makers will not change and thus both will continue to be charged the same amount for non-Penny Pilot options classes and Penny Pilot options classes as they do today.

The Exchange proposes to offer MIAX Market Makers, Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms the opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot options classes in the same manner as Penny Pilot options classes.<sup>4</sup> Specifically, any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 and is a Public Customers that are not a Priority Customer or Firm will be

assessed \$0.30 per contract for standard options in non-Penny Pilot options classes. Further, any Member or its affiliates of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A, that qualifies for Priority Customer Rebate Program volume tiers 3, 4, or 5 and is a Non-MIAX Market Makers or Non-Member Broker-Dealers will be assessed \$0.60 per contract for standard options in non-Penny Pilot options classes. The Exchange believes that these incentives will encourage MIAX Market Makers, Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms to transact a greater number of orders on the Exchange.

The Exchange also proposes a technical change to delete an obsolete fee and date from the Options Regulatory Fee schedule of the Fee Schedule. The Exchange believes that this change will reduce the potential of confusion on behalf of market participants.

The Exchange proposes to implement the new transaction fees beginning September 1, 2014.

##### 2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act<sup>5</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>6</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that its proposal to assess transaction fees in non-Penny Pilot options classes, which differs from Penny Pilot options classes, is consistent with other options markets that also assess different transaction fees for non-Penny Pilot options classes as compared to Penny Pilot options classes. The Exchange believes that establishing different pricing for non-Penny Pilot options and Penny Pilot options is reasonable, equitable, and not unfairly discriminatory because Penny Pilot options are more liquid options as compared to non-Penny Pilot options. Additionally, other competing options exchanges differentiate pricing in the similar manner today.<sup>7</sup>

The Exchange’s proposal to increase the transaction fees for Public

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>3</sup> See NASDAQ OMX PHLX LLC Pricing Schedule, Section II; NYSE Amex Options Fee Schedule, p. 4; Chicago Board Options Exchange, Incorporated, Fee Schedule, p. 2. See also Securities Exchange Act Release No. 68556 (January 2, 2013), 78 FR 1293 (January 8, 2013) (SR–BX–2012–074).

<sup>4</sup> See SR–MIAX–2014–46.

<sup>7</sup> See NASDAQ OMX PHLX LLC Pricing Schedule, Section II; NYSE Amex Options Fee Schedule, p. 4; Chicago Board Options Exchange, Incorporated, Fee Schedule, p. 2. See also Securities Exchange Act Release No. 68556 (January 2, 2013), 78 FR 1293 (January 8, 2013) (SR–BX–2012–074).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms in non-Penny Pilot options classes is reasonable because the Exchange's fees will remain competitive with and in the range of similar transaction fees at other options exchanges.<sup>8</sup> The Exchange's proposal to increase the transaction fees for Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms in non-Penny Pilot options classes is equitable and not unfairly discriminatory because the increase applies equally to all such market participants, in each category of market participant. The Exchange does not assess Priority Customers transactions fees because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers and other market participants. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Market Makers are assessed lower transaction fees as compared to Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.<sup>9</sup> They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. In addition, charging non-members higher transaction fees is a common practice amongst exchanges because Members are subject to other fees and dues associated with their membership to the Exchange that do not apply to non-members. The proposed differentiation as between Priority Customers, Market Makers, and other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange's proposal to offer MIAX Market Makers, Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms the

opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot options classes in the same manner as Penny Pilot options classes, provided certain criteria are met, is reasonable because the Exchange desires to offer all such market participants an opportunity to lower their transaction fees. The Exchange's proposal to offer MIAX Market Makers, Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms the opportunity to reduce transaction fees by \$0.02 per contract in standard options in non-Penny Pilot options classes, provided certain criteria are met, is equitable and not unfairly discriminatory because the Exchange will offer all market participants, excluding Priority Customers, a means to reduce transaction fees by qualifying for volume tiers in the Priority Customer Rebate Program. The Exchange believes that offering all such market participants the opportunity to lower transaction fees by incentivizing them to transact Priority Customer order flow in turn benefits all market participants.

The Exchange believes that the proposal to allow the aggregation of trading activity of separate Members or its affiliates for purposes of the fee reduction is fair, equitable and not unreasonably discriminatory. The Exchange believes the proposed rule change is reasonable because it would allow aggregation of the trading activity of separate Members or its affiliates for purposes of the fee reduction only in very narrow circumstances, namely, where the firm is an affiliate, as defined herein. Furthermore, other exchanges, as well as MIAX, have rules that permit the aggregation of the trading activity of affiliated entities for the purposes of calculating and assessing certain fees. The Exchange believes that offering all such market participants the opportunity to lower transaction fees by incentivizing them to transact Priority Customer order flow in turn benefits all market participants.

Finally, the Exchange believes that technical changes to delete an obsolete fee and date from the Options Regulatory Fee schedule of the Fee Schedule will protect investors and the public interest by eliminating potential confusion that could be caused by the existing language used to describe the Options Regulatory Fee.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not

necessary or appropriate in furtherance of the purposes of the Act. The proposal is similar to the transaction fees found on other options exchanges; therefore, the Exchange believes the proposal is consistent with robust competition by increasing the intermarket competition for order flow from market participants. To the extent that there is additional competitive burden on non-member market participants, the Exchange believes that this is appropriate because charging non-members higher transaction fees is a common practice amongst exchanges and Members are subject to other fees and dues associated with their membership to the Exchange that do not apply to non-members. To the extent that there is additional competitive burden on market participants that are not Priority Customers or Market Makers, the Exchange believes that this is appropriate because the proposal should incent Members to direct additional order flow to the Exchange and thus provide additional liquidity that enhances the quality of its markets and increases the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposal reflects this competitive environment.

#### *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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>10</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend

<sup>8</sup> *Id.*

<sup>9</sup> See Exchange Rules 603 and 604.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2014-47 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.
- All submissions should refer to File Number SR-MIAX-2014-47. This file number should be included on the subject line if email 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 Web site 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-2014-47 and should be submitted on or before October 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72991; File No. SR-CBOE-2014-069]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to XSP and DJX Strike Price Listings

September 4, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on August 28, 2014, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

[sic] proposes to amend Rule 24.9 (Terms of Index Option Contracts), including Interpretation and Policy .02(b) and Interpretation and Policy .11 thereunder regarding the strike setting regimes for Mini-S&P 500 Index ("XSP") options and options based on one-one hundredth of the Dow Jones Industrial Average ("DJX") under the End of Week/End of Month Expirations Pilot Program ("EOW/EOM Pilot Program") in Rule 24.9(e) and the Short Term Options Series Program ("STOS") in Rule 24.9(a)(2)(A). The text of the proposed rule change is provided below.

(additions are *underlined*; deletions are [bracketed])

\* \* \* \* \*

<sup>11</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

## Chicago Board Options Exchange, Incorporated Rules

\* \* \* \* \*

### Rule 24.9—Terms of Index Option Contracts

RULE 24.9(a)–(e) No change.

. . . *Interpretations and Policies:*

.01 The procedures for adding and deleting strike prices for index options are provided in Rule 5.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 24.9, and include the following:

- (a) No change.
- (b) Notwithstanding the above paragraph, the interval between strike prices may be no less than \$0.50 for options based on one-one hundredth of the value of the DJIA, *including for series listed under either the Short Term Options Series Program in Rule 24.9(a)(2)(A) or the EOW/EOM Pilot Program in Rule 24.9(e).*

(c)–(m) No change.

.02–.10 No change.

.11 Notwithstanding Interpretations and Policies .01(a), .01(d) and .04 to Rule 24.9, the exercise prices for new and additional series of Mini-SPX options shall be listed subject to the following:

(a) If the current value of the Mini-SPX is less than or equal to 20, the Exchange shall not list series with an exercise price of more than 100% above or below the current value of the Mini-SPX;

(b) If the current value of the Mini-SPX is greater than 20, the Exchange shall not list series with an exercise price of more than 50% above or below the current value of the Mini-SPX; and

(c) The lowest strike price interval that may be listed for *standard* Mini-SPX options is \$1, including for LEAPS, and the *lowest strike price interval that may be listed for series of Mini-SPX listed under either the Short Term Option Series Program in Rule 24.9(a)(2)(A) or the EOW/EOM Pilot Program in Rule 24.9(e) is \$0.50.*

.12–.14 No change.

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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