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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA believes that extending the April 26, 2022 implementation date to October 26, 2022, pending further Commission action on the Proposed Amendments, will help to provide clarity to industry participants and to promote stability in the Covered Agency Transaction market, thereby benefiting all parties.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [13] and Rule 19b–4(f)(6) thereunder.[14]

A proposed rule change filed under Rule 19b–4(f)(6) [15] normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b–(f)(6)(iii),[16] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has requested that the Commission waive the 30-day operative delay so that the proposal may become operative upon filing. FINRA has stated that the proposed rule change will help to provide clarity to industry participants and to promote stability in the Covered Agency Transaction market pending further Commission Action on the Proposed Amendments.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal to extend the implementation date of the amendments to Rule 4210 pursuant to SR–FINRA–2015–036 (other than the amendments pursuant to SR–FINRA–2015–036 that were implemented on December 15, 2016) does not raise any new or novel issues and will reduce any potential uncertainty in the Covered Agency Transaction market. Therefore, the Commission hereby waives the 30-day operative delay requirement and designates the proposed rule change as operative upon filing.[17]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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.* Please include File Number SR–FINRA–2022–003 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–FINRA–2022–003. 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 website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–FINRA–2022–003 and should be submitted on or before March 30, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022–04920 Filed 3–8–22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94353; File No. SR–MIAX–2021–58]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing of Amendment Nos. 1 and 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Adopt Exchange Rule 532, Order and Quote Price Protection Mechanisms and Risk Controls

March 3, 2022.

I. Introduction

On November 16, 2021, Miami International Securities Exchange, LLC (''MIAX Options'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission''), pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the

[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b–4(f)(6).

[15] 17 CFR 240.19b–4(f)(6).

[16] 17 CFR 240.19b–4(f)(6)(iii). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. FINRA has satisfied this requirement.

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

[18] 17 CFR 200.30–3(a)(12).

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

''Act''),[2] and Rule 19b–4 thereunder,[3] a proposed rule change to amend Exchange Rules 100 and 518 and to adopt new Exchange Rule 532, ''Order and Quote Price Protection Mechanisms and Risk Controls.'' The proposed rule change was published for comment in the **Federal Register** on December 3, 2021.[4] The Commission received no comment letters regarding the proposal. On January 13, 2022, pursuant to Section 19(b)(2) of the Act,[5] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.[6] On February 22, 2022, the Exchange filed Amendment No. 1 to the proposal, which amends and replaces the original filing in its entirety.[7] On March 2, 2022, the Exchange filed Amendment No. 2 to the proposal.[8] The Commission is publishing this notice to solicit comment on Amendment Nos. 1 and 2 to the proposed rule change from interested persons and is approving the proposed rule change, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

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 self-regulatory organization 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 those 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 parts 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[9] will apply the most conservative.

The Exchange proposes to amend Exchange Rule 100, Definitions to insert a clarifying term to the definition of ''Book.''[10]

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[11] in October, 2016.[12] As part of its effort to continue to build out its complex order market segment the Exchange has continued to add order types[13] and functionality. To encourage Members[14] to send complex orders to

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[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] *See* Securities Exchange Act Release No. 93676 (November 29, 2021), 86 FR 68695.

[5] 15 U.S.C. 78s(b)(2).

[6] *See* Securities Exchange Act Release No. 93972 (January 13, 2022), 87 FR 3137 (January 20, 2022). The Commission designated March 3, 2022, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.

[7] Amendment No. 1 modifies the original filing to (1) indicate that, if enabled, the proposed Managed Protection Override will apply to all of the risk protections listed in proposed Exchange Rule 532; (2) revise the Max Put Price Protection for Simple Orders to indicate that an offer eQuote greater than the maximum trading price limit will be cancelled; (3) add clarifying detail to the proposed definition of Butterfly Spread and revise the proposed Butterfly Spread Variance Price Protection to describe the treatment of orders and eQuotes limit priced outside the minimum and maximum trading price limits in the proposed rule; (4) revise the Calendar Spread Variance Price Protection to describe the treatment of buy orders and bid eQuotes priced less than the minimum trading price limit in the proposed rule; (5) revise the Vertical Spread Price Protection to describe the treatment of orders and eQuotes priced outside the minimum and maximum trading price limits in the proposed rule; (6) revise the proposed MIAX Strategy Price Protection to indicate that complex orders with a time-in-force of Day or GTC are eligible for the protection; (7) add clarifying detail to the Market Maker Single Side Protection; (8) add Interpretation and Policy .01 to proposed Exchange Rule 532, which states that the System will apply the most conservative price protection to an order when an order is eligible for multiple price protections; (9) make non-substantive grammatical changes to the text of the proposed rules; (10) more clearly identify rules that the proposal will relocate to new proposed Exchange Rule 532 without substantive changes; and (11) describe the Exchange's rationale for the pre-set value the Exchange will use in the proposed MIAX Strategy Price Protection Variance. Amendment No. 1 is available at *https://www.sec.gov/comments/sr-miax-2021-58/srmiax202158.htm.*

[8] Amendment No. 2 revises the proposal to describe the application of the proposed MIAX Strategy Price Protection applies to complex market orders. Amendment No. 2 is available at *https://www.sec.gov/comments/sr-miax-2021-58/srmiax202158.htm.*

[9] The term ''System'' means the automated trading system used by the Exchange for the trading of securities. *See* Exchange Rule 100.

[10] The term ''Book'' means the electronic book of buy and sell orders and quotes maintained by the System. *See* Exchange Rule 100.

[11] 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).

[12] 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).

[13] *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).

[14] The term ''Member'' means an individual or organization approved to exercise the trading rights

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.

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).[15] Additionally, when the Parity Price Protection is triggered the default behavior is to place the order on the Strategy Book[16] at its parity protected price.[17] 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.

associated with a Trading Permit. Members are deemed ''members'' under the Exchange Act. *See* Exchange Rule 100.

[15] *See* Interpretations and Policies .05(c) of Exchange Rule 518.

[16] The ''Strategy Book'' is the Exchange's electronic book of complex orders and complex quotes. *See* Exchange Rule 518(a)(17).

[17] *See* Interpretations and Policies .01(g) of Exchange Rule 518.

Max Put Price Protection (''MPPP'')

The Exchange proposes to adopt a new price protection for put options[18] by establishing a maximum price at which a put option may trade.[19] To determine the maximum price the Exchange will add a pre-set value, the Put Price Variance,[20] to the strike price of the put option. 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,[21] will be cancelled.[22] 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[23] 0.50 (10) × 5.50 (10)

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) × 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) × 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) × 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) × 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:

[18] 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.

[19] 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).

[20] 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.

[21] 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).

[22] 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).

[23] 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).

MBBO 0.50 (10) × 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) × 5.25 (10)

The Exchange treats orders and quotes differently on the Exchange as orders may only be submitted by Electronic Exchange Members (''EEMs'') [24] and quotes may only be submitted by Market Makers [25] 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),[26] 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 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 [27] (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.[28]

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 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.[29] 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.

[24] 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.

[25] The term ''Market Makers'' refers to ''Lead Market Makers'', ''Primary Lead Market Makers'' and ''Registered Market Makers'' collectively. *See* Exchange Rule 100.

[26] 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).

[27] 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.

[28] 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).

[29] 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.

Example

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

April 50 Call MBBO: $11.00 × $16.00
April 55 Call MBBO: $6.00 × $11.00
April 60 Call MBBO: $1.00 × $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) [30] 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 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) [31] 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

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

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

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.

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 [32] (or the offer side of the dcMBBO [33] if the cNBBO is crossed).[34] 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.[35] For market orders [36] the functional limit will be the MSPP. Complex orders with a time in force of Day [37] or GTC [38] 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), or if the order is a complex market order, the order will be (i) executed up to, and including, its MSPP for buy orders; or (ii) 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.[39] The cLEP process was designed for complex orders and complex eQuotes that violate their Complex MIAX Price Collar (''MPC) price.[40] 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'').[41] 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.[42] 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.[43]

A complex order or complex eQuote that would violate its MPC Price begins a cLEP Auction.[44] 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.[45] 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

[32] 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).

[33] 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).

[34] 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).

[35] 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.

[36] 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).

[37] 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).

[38] 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).

[39] *See* Securities Exchange Act Release No. 85155 (February 15, 2019), 84 FR 5739 (February 22, 2019) (SR–MIAX–2018–36).

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

[41] *See* Exchange Rule 518.05(f).

[42] *See* Exchange Rule 518.05(f)(3).

[43] *See* Exchange Rule 518.05(f)(5).

[44] *See* Exchange Rule 518(e).

[45] *Id.*

will be subject to the Reevaluation Process.[46]

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

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) × 6.00(10)
MBBO component B: 1.00(10) × 2.50(10)
NBBO[47] component A: 4.05(10) × 4.15(10)
NBBO component B: 2.30(10) × 2.40(10)
cMBBO:[48] 1.50 (10) × 5.00 (10)
cNBBO: 1.65 (10) × 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) × 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.

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.[49]

cMBBO: 4.35 (10) × 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 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

[46] *Id.*

[47] 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).

[48] 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.

[49] *See* proposed Rule 532(b)(5)(v).

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 [50] for the order at 5 MPVs [51] from the NBBO at the time of receipt and the NBBO for the XYZ Jan 5 put was 4.80 × 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'' [52] as the Exchange's electronic book of complex orders and complex quotes. Additionally, the Exchange defined the ''Simple Order Book'' [53] 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.[54] 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.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act [55] in general, and furthers the objectives of Section 6(b)(5) of the Act [56] 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 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

[50] *See* Exchange Rule 515(c)(1).

[51] *See* Exchange Rule 510.

[52] *See* Exchange Rule 518(a)(17).

[53] *See* Exchange Rule 518(a)(15).

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

[55] 15 U.S.C. 78f(b).

[56] 15 U.S.C. 78f(b)(5).

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, or complex market order [sic], that executing the order, up to an [sic] 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

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

III. Discussion and Commission Findings

After careful review of the proposed rule change, as modified by Amendment Nos. 1 and 2, the Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[57] In particular, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2, is consistent with Section 6(b)(5) of the Act,[58] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of

[57] In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[58] 15 U.S.C. 78(b)(5).

trade, 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.

The Commission believes that the proposed rule changes are designed to provide useful risk management tools to Members on the Exchange. The proposal adopts a new Max Put Price Protection for simple orders and a new MIAX Strategy Price Protection and Butterfly Spread Variance Price Protection for complex orders. The Exchange states that each of these proposed price protections could help to prevent trades from occurring at potentially unwanted or erroneous prices.[59] The proposed Max Put Price Protection for simple orders will establish a maximum trading price limit for put options, which the Exchange will determine by adding a pre-set value, the Put Price Variance, to the strike price of the option.[60] The Exchange notes that another options exchange offers a similar protection for put options.[61] The proposed MIAX Strategy Price Protection (''MSPP''), which will be available for complex orders with a time-in-force of Day or GTC, establishes a maximum protected price for buy orders and a minimum protected price for sell orders.[62] The proposed Max Put Price Protection, MIAX Strategy Price Protection, and Butterfly Spread Variance Price Protection are designed to protect investors by helping to mitigate potential risks associated with executing trades at what the Exchange believes are potentially erroneous prices.

The proposal also adopts a new Managed Protection Override feature.[63] If a Member enables the Managed Protection Override for its orders, an order that triggers the Vertical Spread Variance Price Protection, the Calendar Spread Variance Price Protection, the proposed Butterfly Spread Variance Price Protection, the Parity Price Protection, or the proposed Max Put Price Protection will be cancelled back to the Member rather than managed by the Exchange.[64] Returning the unexecuted order to the Member will allow the Member to evaluate the order and determine how to handle the order based on current market conditions. The proposed Managed Protection Override feature could benefit market participants by providing them with greater flexibility and control over orders that trigger a risk protection that is subject to the Managed Protection Override.

The proposal relocates to proposed Exchange Rule 532, in their entirety and without modification, the Implied Away Best Bid or Offer (''ixABBO'') Price Protection in current Exchange Rule 518, Interpretation and Policy .05(d) and the Complex MIAX Options Price Collar Protection in current Exchange Rule 518, Interpretation and Policy .05(f). The proposal also relocates to proposed Exchange Rule 532 the Market Maker Single Side Protection in current Exchange Rule 518, Interpretation and Policy .05(g), the Vertical Spread Variance Price Protection in current Exchange Rule 518, Interpretation and Policy .05(a), and the Calendar Spread Variance Price Protection in current Exchange Rule 518, Interpretation and Policy .05(b).[65] Consolidating these risk protection features, as well as the proposed Managed Protection Override, Max Put Price Protection, MIAX Strategy Price Protection, and Butterfly Spread Variance Price Protection, in a single rule could help market participants to more readily identify the price protections that could apply to their orders. The proposal also renumbers certain rules and updates internal cross-references within the Exchange's rules, which could help to maintain the accuracy of the Exchange's rules.

The Calendar Spread Variance Price Protection and the Vertical Spread Variance Price Protection provisions in proposed Exchange Rule 532(b)(3) and (4), respectively, retain provisions of the existing Calendar Spread Variance Price Protection and Vertical Spread Variance Price Protection in current Exchange Rules 518, Interpretation and Policy .05(b) and (a), respectively, incorporate and add detail to the Vertical Spread Variance and Calendar Spread Variance Price Protection in current Exchange Rule 518, Interpretation and Policy .05(c),[66] and provide additional detail to more fully describe the operation of the price protections. The additional detail could provide greater transparency regarding the way that an order will trade after it triggers the Vertical Spread Variance or Calendar Spread Variance Price Protection. In addition, the proposed rules will provide greater transparency regarding the treatment of orders and eQuotes entered at prices outside of the trading price limits established in those rules.[67]

The proposal adopts new Exchange Rule 532, Interpretation and Policy .01, which states that the System will apply the most conservative price protection when an order is eligible for multiple price protections. Specifying the price protection that the System will apply when an order is eligible for multiple price protections could provide market participants with greater transparency regarding the handling of their orders and help to protect against potentially erroneous executions.

The proposal amends the Market Maker Single Side Protection, which will be relocated to proposed new Exchange Rule 532(b)(8), to specify that the notification message sent to a market maker will indicate that the Market Maker Single Side Protection has been triggered. This addition should provide clarifying detail to the rule. The proposal also revises the definition of Book in Exchange Rule 100 to indicate that the term refers to the electronic book of simple buy and sell orders and quotes maintained by the System. The addition of the reference to simple orders and quotes should help to clarify the Exchange's rules by more specifically identifying the order book the term references.

[59] *See* Amendment No. 1 at 32, 33, and 36.

[60] *See* proposed Exchange Rule 532(a)(1). The Exchange states that the proposed pre-set value for the Put Price Variance will be $0.10 to align with 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* Amendment No. 1 at 11, n. 24. The Exchange will communicate the Put Price Variance to Members via Regulatory Circular. *See* proposed Exchange Rule 532(a)(1)(iv).

[61] *See* Amendment No. 1 at 11, n. 33 (citing Cboe Rule 5.34(a)(3)).

[62] *See* proposed Exchange Rule 532(b)(5) and Amendment No. 1 at 43.

[63] *See* proposed Exchange Rule 532.

[64] *See* proposed Exchange Rule 532. In addition to incorporating the proposed Managed Protection Override into the proposed new Max Put Price Protection and the proposed new Butterfly Spread Variance Price Protection, the proposal revises the existing Parity Price Protection in Exchange Rule 518, Interpretation and Policy .01(g), the Calendar Spread Variance Price Protection in proposed Exchange Rule 532(b)(3), and the Vertical Spread Variance Price Protection in proposed Exchange Rule 532(b)(4) to reflect the operation of the proposed Managed Protection Override.

[65] Proposed Exchange Rule 532(b)(1) defines the terms Butterfly Spread, Calendar Spread, and Vertical Spread. The proposed definitions of Vertical Spread and Calendar Spread are substantially the same as the definitions of those terms in current Exchange Rule 518, Interpretation and Policy .05(a) and (b). The proposed definition of Butterfly Spread is substantially similar to the definition of Butterfly Spread used in the rules of another options exchange. *See* Cboe Rule 5.33(b)(1)(B).

[66] Current Exchange Rule 518, Interpretation and Policy .05(c) states that if the execution price of a complex order would be outside of the limits set forth in Exchange Rule 518, Interpretation and Policy .05(a)(1) and (b)(1) for Vertical Spreads and Calendar Spreads, respectively, the complex order will be placed on the Strategy Book and will be managed to the appropriate trading price limit as described in Exchange Rule 518(c)(4). 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.

[67] *See* proposed Exchange Rules 532(b)(3)(iii) and (b)(4)(iii).

IV. Solicitation of Comments on Amendment Nos. 1 and 2

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment Nos. 1 and 2 are 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.* Please include File Number SR–MIAX–2021–58 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–2021–58. 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 website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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, and should be submitted on or before March 30, 2022.

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment Nos. 1 and 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment Nos. 1 and 2, prior to the thirtieth day after the date of publication of the notice of Amendment Nos. 1 and 2 in the **Federal Register**. As described more fully above, Amendment No. 1 revises the proposal to, among other things, indicate that, if enabled, the Managed Protection Override will apply to all of the price protections that are subject to the Managed Protection Override; add clarifying detail to the proposed definition of Butterfly Spread and to the Market Maker Single Side Protection; describe the treatment of orders and eQuotes priced outside the trading price limits in the proposed Butterfly Spread Variance, Calendar Spread Variance, and Vertical Spread Variance rules; add proposed Exchange Rule 532, Interpretation and Policy .01 to indicate that the System will apply the most conservative price protection when an order is eligible for multiple price protections; and describe the rationale for the pre-set value used in the proposed MIAX Strategy Price Protection Variance. Amendment No. 2 adds clarifying detail to the proposed MIAX Strategy Price Protection by describing how the price protection will apply to complex market orders. Amendment Nos. 1 and 2 raise no novel regulatory issues and provide additional detail and clarifications that help to more fully describe the operation of the proposed rules. In addition, the additional information in Amendment Nos. 1 and 2 assists the Commission in evaluating the Exchange's proposal and finding that it is consistent with the Act. Accordingly, the Commission finds good cause for approving the proposed rule change, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[68] that the proposed rule change (File No. SR–MIAX–2021–58), as modified by Amendment Nos. 1 and 2, is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[69]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022–04921 Filed 3–8–22; 8:45 am]

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[68] 15 U.S.C. 78s(b)(2).

[69] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94354; File No. SR–ISE–2022–04]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Index Options Rules

March 3, 2022.

Pursuant to 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 18, 2022, Nasdaq ISE, LLC (''ISE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''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

The Exchange proposes to amend ISE Rules at Options 3, Section 1, Days and Hours of Business; Options 4A, Section 11, Trading Sessions; and Options 4A, Section 12, Terms of Index Options Contracts. The Exchange also proposes to adopt new Options 4A, Section 4 which is currently reserved. Finally, the Exchange proposes to make a technical amendment to Options 7, Section 1, General Provisions.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/ise/rules,* at the principal office of the Exchange, 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.

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

[2] 17 CFR 240.19b–4.