



August 25, 2017

VIA Electronic Mail

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090

Re: File No. SR-BOX-2017-17

Dear Mr. Fields:

BOX Options Exchange LLC filed the attached Partial Amendment No. 1 to the above-referenced filing on August 24, 2017.

Sincerely,

A handwritten signature in black ink that reads "L.J. Fall". The signature is written in a cursive, slightly slanted style.

Lisa J. Fall
President
BOX Options Exchange LLC

Enc. (Partial Amendment No. 1 to SR-BOX-2017-17)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

SR-BOX-2016-17 Partial Amendment 1

On May 15, 2017, BOX Options Exchange LLC (“BOX” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission” or “SEC”) proposed rule change SR-BOX-2017-17 (the “Proposal”), pursuant to which BOX proposed to amend BOX’s Consolidated Options Audit Trail System (“COATS”) rule in BOX Rule 7120 (“the COATS rule”), amend BOX’s electronic blue sheets (“EBS”) rule in BOX Rule 10040 (“the EBS Rule”), and BOX’s rule regrading Securities Accounts and Orders of Market Makers in Rule 8060 to reflect changes to these rules once Options Participants are effectively reporting to the consolidated audit trail (“CAT”) and the CAT’s accuracy and reliability meet certain standards as described in the Proposal.

The Commission published the proposed rule change for public comment in the Federal Register on June 1, 2017.¹ No comments were received with this Proposal, although four comments were received in response to the Financial Industry Regulatory Authority (“FINRA”) proposal.²

With this Partial Amendment No. 1, BOX is including Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, and Exhibit 5, which reflects the changes to the current rule text that are proposed in the Proposal, as amended by this Partial Amendment No. 1.

¹ Securities Exchange Act Release No. 80789 (May 26, 2017), 82 FR 25492 (June 1, 2017) (Notice of Filing of SR-BOX-2017-17).

² Letters to Robert W. Errett, Deputy Secretary, SEC, from Marc R. Bryant, Senior Vice President and Deputy General Counsel, Fidelity Investments, dated June 22, 2017 (“Fidelity”); William H. Hebert, Managing Director, Financial Information Forum, dated June 22, 2017 (“FIF”); Letters to Brent J. Fields, Secretary, SEC, from Manisha Kimmel, Chief Regulatory Officer, Wealth Management, Thomson Reuters, dated June 22, 2017 (“Thomson Reuters”); Ellen Greene, Managing Director & Theodore R. Lazo, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, dated June 23, 2017 (“SIFMA”). BOX is advised that FINRA will send a response to these comment letters.

This Partial Amendment No. 1 makes the following changes to the Proposal: (1) replaces the requirement in Rule 7120(b) that order tickets contain information enumerated in 7120(b) with requirements required by BOX Rule 16000 (BOX's CAT Compliance Rule) and adds introductory language to Rule 7120 to clarify that the new order ticket requirement will be effective upon announcement by BOX that the CAT has achieved a level of accuracy and reliability sufficient to replace COATS; (2) amends the Interpretive Material to the EBS Rule in the proposed rule change to clarify that BOX will not request trade data or information, and Options Participants will not be required to provide trade data or information, pursuant to the EBS Rule for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to the EBS Rule; and (3) clarifies that the accuracy and reliability standards discussed in the Proposal will apply to the EBS Rule and BOX's Rule 8060 in addition to the COATS Rule.

Amendment to Rule 7120(b) and Addition of Introductory Language

BOX adopted Rule 7120 to implement certain reporting requirements related to COATS, and therefore proposes to eliminate the information reporting requirements of that rule and replace those requirements with a requirement that order tickets relating to BOX shall consist of the elements contained in the Exchange's CAT compliance rule, BOX Rule 16000.³ Among

³ COATS was developed to comply with an order of the Commission requiring the then-options exchanges to "design and implement" a consolidated audit trail to "enable the options exchanges to reconstruct markets promptly, effectively surveil them and enforce order handling, firm quote, trade reporting and other rules." See Section IV.B.e.(v) of the Commission's Order Instituting Public Administrative Proceedings Pursuant to Sections 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions (the "Order"). See Securities Exchange Act Release No. 43268 (September 11, 2000) and Administrative Proceeding File No. 3-10282. As noted, the Plan is designed to create, implement and maintain a CAT that would capture customer and order event information for orders in NMS Securities and OTC Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution in a single consolidated data source. BOX has already adopted rules to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan. Once the CAT is fully operational, it will be appropriate to delete BOX's rules implemented to comply with

other things, BOX Rule 7120 requires an Options Participant to ensure that each options order received from a Customer for execution on BOX is recorded and time-stamped immediately, and also at the time of any modification or cancellation of the order. The rule also specifies the information that must be contained at a minimum, including a unique order identification, the underlying security, opening/closing designation, the identity of the Clearing Participant, and the Options Participant identification. As such, the Exchange proposes to amend this rule and require Options Participants to report such information as required by the Exchange's CAT compliance rule, BOX Rule 16000.

As part of the Proposal, to comply with certain provisions of the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan"),⁴ BOX discussed the specific accuracy and reliability standards the CAT must meet for BOX to implement the proposed amendments to the COATS Rule to the BOX rulebook. The Proposal notes that the COATS Rule will be amended once (i) the CAT achieves the specific accuracy and reliability standards described in the Proposal and (ii) BOX has determined that its usage of the CAT has not revealed material issues that have not been corrected, confirmed that the CAT includes all data necessary to allow BOX to continue to meet its surveillance obligations, and confirmed that the Plan Processor is sufficiently meeting all of its obligations under the Plan.

If the Commission approves the proposed rule change, the rule text to amend the COATS Rule will be effective; however, BOX will announce the implementation date of the proposed amendment to the COATS Rule in a Regulatory Circular that will be published once BOX concludes the thresholds for accuracy and reliability described in the Proposal have been met and

the Order as duplicative of the CAT. Accordingly, BOX believes that it would continue to be in compliance with the requirements of the Order once the CAT is fully operational and the COATS rules are deleted.

⁴ See CAT NMS Plan, Appendix C, Section C.9.

that the CAT Plan Processor is sufficiently meeting all of its obligations. Because the time period for implementation for the amendment of the COATS Rule could be significant, BOX is proposing in this Partial Amendment No. 1 to add language into Rule 7120 that would alert Options Participants that the SEC has approved a proposed rule change to remove Rules 7120(b)(1) through (18) from the BOX Rules and require order tickets related to BOX to consist of the elements required by BOX Rule 16000 upon announcement by BOX that the CAT has achieved a level of accuracy and reliability sufficient to replace COATS. BOX believes that adding this language into Rule 7120 would help to alert Options Participants of the status of the COATS Rule and is proposing that this language be added to Rule 7120 upon approval of the Proposal by the SEC.

Interpretive Material to the EBS Rule

In addition to amending the COATS Rule, the Proposal adds new Interpretive Material to the EBS Rule to clarify how BOX will request data under this rule after Options Participants are reporting to the CAT. As noted in the Proposal, BOX believes that the CAT must meet certain minimum accuracy and reliability standards before BOX could rely on the CAT to replace existing regulatory tools, including EBS. Consequently, the proposed Interpretive Material would be implemented only after the CAT achieves the thresholds set forth in the Proposal. Unlike the proposed amendments to the COATS Rule, the Proposal adds Interpretive Material to the EBS Rule to accommodate the fact that EBS requests will still be necessary for transactions occurring before CAT is assessed as sufficiently accurate and reliable and for transactions involving securities that are not reportable to the CAT.

In this Partial Amendment No. 1, BOX is proposing to revise the Interpretive Material to clarify that BOX will not request trade data or information, and members will not be required to provide trade data or information, for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to the EBS Rule. In the Proposal, the proposed Interpretive Material stated that BOX will request trade data or information pursuant to this Rule only if the trade data or information is not available in the CAT because, for example, the transaction(s) in question occurred before the member was reporting information to the CAT or involved securities that are not reportable to the CAT. BOX is proposing changes to this language to make clear that, after the CAT achieves the accuracy and reliability standards set forth in the Proposal, BOX will only use CAT to obtain trading information and will make requests under the EBS Rule only for transactions that occurred before the CAT achieved sufficient levels of accuracy and reliability or transactions that involve securities that are not reportable to the CAT (e.g., fixed income securities, OTC options).

Clarification Regarding Applicability of Accuracy and Reliability Standards

The Exchange hereby clarifies that the specific standards discussed in the Proposal for assessing accuracy in CAT (i.e. minimum error rates, no material issues, continued surveillance obligations, etc.) applied to the assessment of CAT for purposes of retiring EBS and other duplicative systems (BOX Rules 10040 and 8060) in addition to the assessment of CAT for purposes of retiring COATS (BOX Rule 7120).

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed new language in this Partial Amendment No. 1 is underlined; proposed deletions in this Partial Amendment No. 1 are in brackets.

* * * * *

7120 Audit Trail

The SEC has approved a proposed rule change to remove Rules 7120(b)(1) through (18) from the BOX Rules and require order tickets related to BOX to consist of the elements required by BOX Rule 16000 upon announcement by BOX that the Consolidated Audit Trail has achieved a level of accuracy and reliability sufficient to replace the Consolidated Options Audit Trail System.

- (a) *Order Identification.* When entering orders on BOX, each Options Participant shall submit order information in such form as may be prescribed by the Exchange in order to allow BOX to properly prioritize and match orders pursuant to Rule 7130 and report resulting transactions to the Clearing Corporation. An Options Participant must ensure that each options order received from a Customer for execution on BOX is recorded on an order ticket and time-stamped immediately. The order ticket must be time-stamped again on execution and also at the time of any modification or cancellation of the order by the Customer.
- (b) Order tickets relating to BOX shall consist of the elements required by BOX Rule 16000. [must contain the following information at a minimum:
- (1) a unique order identification;
 - (2) the underlying security;
 - (3) opening/closing designation;
 - (4) the identity of the Clearing Participant;
 - (5) Options Participant identification;
 - (6) Participant Capacity;
 - (7) identity of the individual/terminal completing the order ticket;
 - (8) customer identification;
 - (9) account type;
 - (10) buy/sell;

- (11) contract volume;
 - (12) contract month;
 - (13) exercise price;
 - (14) put/call;
 - (15) price or price limit, price range or strategy price;
 - (16) special instructions (*e.g.*, GTC);
 - (17) strategy type indicator; and
 - (18) such other information as may be required by the Exchange.]
- (c) An Options Participant that employs an electronic system for order routing or order management which complies with Exchange requirements will be deemed to be complying with the requirements of this Rule if the required information is recorded in electronic form rather than in written form.
- (d) In addition to any related requirement under applicable securities laws, information recorded pursuant to this Rule must be retained by Options Participants for a period of no less than three (3) years after the date of the transaction.

IM-7120-1

No Change.

[IM-7120-2

The Exchange will request information under this Rule only if the information is not available in the CAT because, for example, the transactions in question occurred before the firm was reporting information to the CAT or involved securities that are not reportable to the CAT.”]

* * * * *

8060 Securities Accounts and Orders of Market Makers

(a) through (c) No change.

IM-8060-1

[The Exchange will request information under this Rule only if the information is not available in the CAT because, for example, the transactions in question occurred before the firm was

reporting information to the CAT or involved securities that are not reportable to the CAT.”] BOX will not request trade data or information, and Options Participants will not be required to provide trade data or information, for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to this Rule.

* * * * *

10040 Automated Submission of Trade Data

(a) through (e) No change.

IM-10040-1

[The Exchange will request information under this Rule only if the information is not available in the CAT because, for example, the transactions in question occurred before the firm was reporting information to the CAT or involved securities that are not reportable to the CAT.”] BOX will not request trade data or information, and Options Participants will not be required to provide trade data or information, for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to this Rule.

* * * * *

EXHIBIT 5

New language
[deleted language]

* * * * *

7120 Audit Trail

The SEC has approved a proposed rule change to remove Rules 7120(b)(1) through (18) from the BOX Rules and require order tickets related to BOX to consist of the elements required by BOX Rule 16000 upon announcement by BOX that the Consolidated Audit Trail has achieved a level of accuracy and reliability sufficient to replace the Consolidated Options Audit Trail System.

- (a) *Order Identification.* When entering orders on BOX, each Options Participant shall submit order information in such form as may be prescribed by the Exchange in order to allow BOX to properly prioritize and match orders pursuant to Rule 7130 and report resulting transactions to the Clearing Corporation. An Options Participant must ensure that each options order received from a Customer for execution on BOX is recorded on an order ticket and time-stamped immediately. The order ticket must be time-stamped again on execution and also at the time of any modification or cancellation of the order by the Customer.

- (b) Order tickets relating to BOX shall consist of the elements required by BOX Rule 16000. [must contain the following information at a minimum:
 - (1) a unique order identification;
 - (2) the underlying security;
 - (3) opening/closing designation;
 - (4) the identity of the Clearing Participant;
 - (5) Options Participant identification;
 - (6) Participant Capacity;
 - (7) identity of the individual/terminal completing the order ticket;
 - (8) customer identification;
 - (9) account type;
 - (10) buy/sell;
 - (11) contract volume;

- (12) contract month;
 - (13) exercise price;
 - (14) put/call;
 - (15) price or price limit, price range or strategy price;
 - (16) special instructions (*e.g.*, GTC);
 - (17) strategy type indicator; and
 - (18) such other information as may be required by the Exchange.]
- (c) An Options Participant that employs an electronic system for order routing or order management which complies with Exchange requirements will be deemed to be complying with the requirements of this Rule if the required information is recorded in electronic form rather than in written form.
- (d) In addition to any related requirement under applicable securities laws, information recorded pursuant to this Rule must be retained by Options Participants for a period of no less than three (3) years after the date of the transaction.

IM-7120-1

No Change.

* * * * *

8060 Securities Accounts and Orders of Market Makers

(a) through (c) No change.

IM-8060-1

BOX will not request trade data or information, and Options Participants will not be required to provide trade data or information, for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to this Rule.

* * * * *

10040 Automated Submission of Trade Data

(a) through (e) No change.

IM-10040-1

BOX will not request trade data or information, and Options Participants will not be required to provide trade data or information, for trades reported to the CAT after BOX announces that it has determined that the accuracy and reliability of the CAT are sufficient to replace requests pursuant to this Rule.