



March 7, 2018

**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-2017-36

Dear Mr. Fields:

BOX Options Exchange LLC filed the attached Partial Amendment No.1 to above-referenced filing on March 7, 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

Encl. (Partial Amendment No. 1 to SR-BOX-2017-36)

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 11	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 36 Amendment No. (req. for Amendments *) 1
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Filing by BOX Options Exchange LLC.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

**Contact Information**

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

First Name \* Alanna Last Name \* Barton

Title \* VP, Legal Affairs

E-mail \* [REDACTED]

Telephone \* [REDACTED] Fax [REDACTED]

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 03/07/2018

By Alanna Barton

VP, Legal Affairs

[REDACTED]

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

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-2017-36 Partial Amendment 1**

BOX Options Exchange LLC (the “Exchange”) respectfully submits this Partial Amendment 1 to SR-BOX-2017-36 which was originally filed with the Securities and Exchange Commission (the “Commission”) on November 30, 2017 (the “Proposal”). The filing was published for comment in the Federal Register on December 19, 2017.<sup>1</sup> To date, no comment letters have been submitted on the filing. On January 31, 2018, the Commission extended their time to review the proposal until March 19, 2018.<sup>2</sup> The proposal seeks to allow split-price transactions on the Trading Floor.

With this Partial Amendment 1, BOX is including Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment 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 1.

The Exchange requests the Commission to find good cause to accelerate effectiveness of this proposed change pursuant to Section 19(b)(2) of the Act and to approve the proposed change prior to the 30<sup>th</sup> day after publication of the proposed rule change in the Federal Register. The Exchange believes there is good cause to grant expedited review and accelerated effectiveness of this amendment as the proposed changes simply clarify how the system will handle split-price QOO Orders.

Specifically, the Exchange believes that the proposed example and explanation regarding the utilization of the book sweep size when entering a split-price QOO Order adds detail and clarity to the Proposal. Specifically, the purpose of the example and explanation is to highlight that, in certain situations, the contra-side receives a net price that is worse as compared to the price at which the QOO Order was originally entered. The Exchange believes that the example

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<sup>1</sup> See Securities Exchange Act Release No. 82315 (December 13, 2017), 82 FR 60256 (December 19, 2017).

<sup>2</sup> See Securities Exchange Act Release No. 82607 (January 31, 2018), 83 FR 5286 (February 6, 2018).

and explanation add transparency and clarity to the proposed rule and will ultimately reduce investor confusion. As such, the Exchange believes that the proposed explanation and example regarding the utilization of the book sweep size when entering a split-price QOO Order adds clarity and therefore the Exchange believes that the proposed changes are appropriate for accelerated effectiveness.

The Exchange believes that proposed Rule IM 7600-7 and the example detailing Rule IM-7600-7 add clarity with regard to how the system will determine split-price priority in situations where the allocation between two increments results in a fractional amount of contracts (i.e., non-integer). Specifically, the proposed rule clarifies that in these situations, the system will round the number of contracts to the advantage of the initiating side resulting in integers at each price increment. Further, this additional information also clarifies that the allocation between two increments does not have to be an even split (i.e., a different number of contracts at each increment). The Exchange believes that the proposed rule and the corresponding example add transparency and detail to the Proposal. As such, the proposed changes are non-controversial and similar to a rule at another exchange<sup>3</sup> and therefore should be afforded accelerated effectiveness.

Finally, the Exchange notes that no comments have been received in connection with the Proposal. The proposal is designed to encourage Floor Brokers to bring orders to the BOX Trading Floor, which will bring liquidity to the Exchange benefitting all market participants. As such, the Exchange believes that the proposed changes discussed above should be afforded accelerated effectiveness.

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<sup>3</sup> See Nasdaq PHLX LLC (“Phlx”) Rule 1014 (g)(v)(E).

The Exchange proposes the following amendments to the Proposal:

1. P. 10 of the Purpose Section of the 19b-4 and P. 24 of the Purpose Section of the Exhibit 1, the Exchange proposes to add the following language before the first full paragraph:

“When utilizing the book sweep size when entering a split-price QOO Order, the Exchange notes that there may be instances in which the contra-side receives a net price that is worse as compared to the price at which the QOO Order was originally entered. For example, assume the market for a series is \$0.25 – \$0.35 (with a minimum trading increment of \$0.05), and a Floor Broker is looking to execute a QOO Order at \$0.325 for 50 contracts where the initiating side is to buy. There was no interest from the trading crowd when the Floor Broker announced the QOO Order at \$0.325. Under the proposed Rule, that Floor Broker could execute at \$0.30 for 25 contracts and then, by virtue of the proposed split-price priority, the contra-side will have priority for the balance of the order (up to 25 contracts) over all other Participants, except Public Customer Orders resting on the BOX Book at \$0.35. The first transaction will be for 25 contracts at \$0.30. The second transaction will be for 25 contracts at \$0.35. If, however, there is a resting Public Customer sell order for 10 contracts at \$0.35 on the BOX Book, the order would be rejected unless a book sweep size of at least 10 contracts is provided. If a book sweep size of 10 contracts is provided, then the transactions will be as follows:

- 25 contracts of the initiating side of the QOO Order would trade against the contra-side of the QOO Order at \$0.30
- 10 contracts of the initiating side of the QOO Order would trade with the resting Public Customer Order at \$0.35
- The remaining 15 contracts of the initiating side of the QOO Order would trade against the contra-side of the QOO Order at \$0.35

In this example, three trades would be reported to the tape; a purchase for 25 contracts at \$0.30, a purchase for 10 contracts at \$0.35, and a purchase for 15 contracts at \$0.35. The contra-side receives a net price that is worse as compared to the price at which the QOO Order was originally entered. Specifically, the contra-side would sell 25 contracts at \$0.30 and sell 15 contracts at \$0.35, giving the contra-side a net sale price of \$0.31875 as compared to \$0.325.<sup>4</sup> Therefore, because an adequate book sweep size was provided, it is possible for the contra-side to receive a net price that is worse than the price the QOO Order was originally entered due to at least a portion of the initiating side of the QOO Order executing against interest on the BOX Book instead of the contra-side.”

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<sup>4</sup> If, instead, the resting Public Customer Order is to buy 10 contracts at \$0.30, the QOO Order is rejected regardless of whether a book sweep size is provided. This is because the initiating side of a QOO Order must be filled in its entirety pursuant to Rule 7600(a)(1).

2. P. 11 of the Purpose Section in the 19b-4 and P. 25 of the Purpose Section in the Exhibit 1, the Exchange proposes to add the following language after the first full paragraph:

“Finally, the Exchange proposes to add Rule IM-7600-7 to detail how the system will determine split-price priority in situations where the allocation between two increments results in a fractional amount of contracts. Specifically, the Exchange proposes that in a situation where the allocation of contracts pursuant to Rule 7600(i) would result in a fractional contract amount, the number of contracts allocated shall be rounded to the advantage of the initiating side. The Exchange notes that another options exchange has a similar rule regarding rounding as the proposed rule discussed above.<sup>5</sup>

For example, a Split Price QOO Order for 301 contracts at \$1.025<sup>6</sup> is received by the system where the initiating side is to sell. In order to achieve a net price of \$1.025, 150.5 contracts would need to be executed at \$1.00 and 150.5 would need to be executed at \$1.05. However, executions must occur in whole natural numbers. Therefore, the system will instead round to the advantage of the initiating side. Specifically, the system will split the order into 151 contracts at \$1.05 and 150 at \$1.00. The net execution price is \$1.0251 which is a better price for the initiating side<sup>7</sup> (i.e., selling 301 contracts for a net price of \$1.0251 instead of \$1.025). Two trades would be reported to the tape; a purchase of 151 contracts at \$1.05 and a purchase of 150 contracts at \$1.00.”

3. P. 12 of the Statutory Basis Section of the 19b-4 and P. 26 of the Statutory Basis Section of the Exhibit 1, the Exchange proposes to add the following language after the first full paragraph in the 19b-4 and before the first full paragraph of the Exhibit 1:

“The Exchange believes that the possible situation where a contra-side receives a net price worse than the price that the QOO Order was entered is consistent with the Act. The Exchange believes that this situation promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and national market system and, in general, protects investors and the public interest. In particular, the Exchange believes that allowing split-price QOO Orders to be submitted with a book sweep size (and in some situations result in a worse net price for the contra-side) removes impediments to and perfects the mechanism of a free and open market and a national market system by increasing the opportunity for orders on the Trading Floor to interact with interest on the BOX Book, which in turn has the potential to increase liquidity on the Exchange which benefits all market participants.

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<sup>5</sup> See Nasdaq PHLX LLC (“Phlx”) Rule 1014 (g)(v)(E).

<sup>6</sup> Split Price QOO Orders can only be submitted with up to 3 decimal places.

<sup>7</sup> The initiating side will always receive any price improvement compared to the price the order was entered at; the contra-side never will.

Further, the Exchange believes that allowing split-price QOO Orders to be submitted with a book sweep size will aid Floor Brokers in having more of their executions accepted by the Trading Host and will benefit the market as a whole by providing a tool to assist Floor Brokers in executing orders when there is priority interest on the BOX Book.

The Exchange believes that rounding to the advantage of the initiating side in certain situations results in the fair and equitable allocation of contracts among BOX Participants, and provides clarity and transparency in the Exchange's rules so that all BOX Participants will be informed as to the net price the Participant is entitled to receive as a result of rounding. The Exchange believes that rounding to the advantage of the initiating side is reasonable, as the initiating side is providing liquidity to the Exchange and thus adding value to the market. As such, the Exchange believes that rounding in favor of the initiating order or offer (bid) is appropriate.<sup>8</sup> Lastly, the Exchange believes that the proposed change regarding rounding will encourage Participants to bring orders to the BOX Trading Floor which will result in increased liquidity on the Exchange to the benefit of all market participants."

4. P. 14 of the Purpose Section of the 19b-4, the Exchange proposes the following language before the last paragraph:

"The Exchange notes a minor difference between proposed rule IM-7600-7 and Phlx Rule 1014(g)(v)(E) regarding rounding. Specifically, Phlx's rule states, "in situations where the allocation of contracts pursuant to this Rule result in fractional amounts of contracts to be allocated to crowd participants, the number of contracts to be allocated shall be rounded in a fair and equitable manner." The Exchange is proposing to include more specificity with regard to situations that result in the allocation of fractional amounts of contracts. Specifically, the Exchange is proposing that in situations where the allocation of contracts pursuant to proposed Rule 7600(i) would result in a fractional amount of contracts, the number of contracts allocated shall be rounded to the advantage of the initiating side. The Exchange is making this distinction to add clarity to how the contracts will be allocated in these situations thus reducing investor confusion and adding transparency to the BOX rules."

5. P. 30 in the Exhibit 5, the Exchange proposes to add the following language:

**IM-7600-7**

Split-Price Rounding. In situations where the allocation of contracts pursuant to Rule 7600(i) would result in a fractional contract amount, the number of contracts allocated shall be rounded to the advantage of the initiating side.

\* \* \* \* \*

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<sup>8</sup> Because the Exchange intends to round the allocation up to the nearest whole number, rounding will necessarily always result in less than one additional options contract being added to the initiating side. As such, the Exchange believes that this is de minimis and appropriate as detailed above.

**EXHIBIT 4**

The text of the proposed rule change is marked below to show changes from the text of the Original Filing, as amended by Amendment 1. Double-underlined text is new.

**BOX Options Exchange LLC**

\* \* \* \* \*

**Rule 7600, Qualified Open Outcry Orders – Floor Crossing**

(a) through (h) No change.

(i) Priority on Split-Price Transactions Occurring in Open Outcry.

(1) Split-Price Priority. If an order or offer (bid) for any number of contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) one or more contracts of that order or offer (bid) at one price will have priority over all other orders and quotes, except Public Customer Orders resting in the BOX Book, to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price.

(2) Split-Price Priority for Orders or Offers (Bids) of 100 or More Contracts. If an order or offer (bid) of 100 or more contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) 50 or more of the contracts of that order or offer (bid) at one price will have priority over all other orders and quotes to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price. The Exchange may increase the minimum qualifying size of 100 contracts, which changes the Exchange will announce via Regulatory Circular.

(3) Two or More Floor Participants Entitled to Priority. If the bids or offers of two or more Floor Participants are both entitled to split-price priority, it will be afforded to the extent practicable on a pro-rata basis.

(4) Conditions. Split-price priority is subject to the following:

(i) The priority is available for open outcry transactions only (i.e., QOO Orders) and does not apply to Complex Orders.

(ii) The Floor Participant must make its bid (offer) at the next lower (higher) price for the second (or later) transaction at the same time as the first bid (offer) or promptly following the announcement of the first (or earlier) transaction.

(iii) The second (or later) purchase (sale) must represent the opposite side of a transaction with the same order or offer (bid) as the first (or earlier) purchase (sale).

(5) Minimum Increment Width with Public Customer Orders Resting in the BOX Book. If the width of the quote for a series is the minimum increment for that series, and both the bid and offer represent Public Customer Orders resting in the BOX Book, split-price priority pursuant to this rule is not available to a Floor Participant until the Public Customer Order(s) resting in the BOX Book on either side of the market trades.

\* \* \* \* \*

#### **IM-7600-6**

Floor Brokers are able to achieve split-price priority in accordance with Rule 7600(i). Provided, however, that a Floor Broker who bids (offers) on behalf of a non-Market-Maker BOX Participant broker-dealer (“BOX Participant BD”) must ensure that the BOX Participant BD qualifies for an exemption from Section 11(a)(1) of the Exchange Act or the transaction satisfies the requirements of Exchange Act Rule 11a2-2(T).

#### **IM-7600-7**

Split-Price Rounding. In situations where the allocation of contracts pursuant to Rule 7600(i) would result in a fractional contract amount, the number of contracts allocated shall be rounded to the advantage of the initiating side.

\* \* \* \* \*

**EXHIBIT 5**

New language  
[deleted language]

**BOX Options Exchange LLC**

\* \* \* \* \*

**Rule 7600, Qualified Open Outcry Orders – Floor Crossing**

(a) through (h) No change.

(i) Priority on Split-Price Transactions Occurring in Open Outcry.

(1) Split-Price Priority. If an order or offer (bid) for any number of contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) one or more contracts of that order or offer (bid) at one price will have priority over all other orders and quotes, except Public Customer Orders resting in the BOX Book, to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price.

(2) Split-Price Priority for Orders or Offers (Bids) of 100 or More Contracts. If an order or offer (bid) of 100 or more contracts of a series is represented to the trading crowd, a Floor Participant that buys (sells) 50 or more of the contracts of that order or offer (bid) at one price will have priority over all other orders and quotes to buy (sell) up to the same number of contracts of those remaining from the same order or offer (bid) at the next lower (higher) price. The Exchange may increase the minimum qualifying size of 100 contracts, which changes the Exchange will announce via Regulatory Circular.

(3) Two or More Floor Participants Entitled to Priority. If the bids or offers of two or more Floor Participants are both entitled to split-price priority, it will be afforded to the extent practicable on a pro-rata basis.

(4) Conditions. Split-price priority is subject to the following:

(i) The priority is available for open outcry transactions only (i.e., QOO Orders) and does not apply to Complex Orders.

(ii) The Floor Participant must make its bid (offer) at the next lower (higher) price for the second (or later) transaction at the same time as the first bid (offer) or promptly following the announcement of the first (or earlier) transaction.

(iii) The second (or later) purchase (sale) must represent the opposite side of a transaction with the same order or offer (bid) as the first (or earlier) purchase (sale).

(5) Minimum Increment Width with Public Customer Orders Resting in the BOX Book. If the width of the quote for a series is the minimum increment for that series, and both the bid and offer represent Public Customer Orders resting in the BOX Book, split-price priority pursuant to this rule is not available to a Floor Participant until the Public Customer Order(s) resting in the BOX Book on either side of the market trades.

\* \* \* \* \*

#### **IM-7600-6**

Floor Brokers are able to achieve split-price priority in accordance with Rule 7600(i). Provided, however, that a Floor Broker who bids (offers) on behalf of a non-Market-Maker BOX Participant broker-dealer (“BOX Participant BD”) must ensure that the BOX Participant BD qualifies for an exemption from Section 11(a)(1) of the Exchange Act or the transaction satisfies the requirements of Exchange Act Rule 11a2-2(T).

#### **IM-7600-7**

Split-Price Rounding. In situations where the allocation of contracts pursuant to Rule 7600(i) would result in a fractional contract amount, the number of contracts allocated shall be rounded to the advantage of the initiating side.

\* \* \* \* \*