

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74477; File No. SR-BOX-2015-14)

March 11, 2015

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding the Transfer of Ownership Interest in the Exchange

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 26, 2015, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to repurchase the ownership interest in the Exchange held by Strategic Investments II Inc. (“SI”) and BOX Holdings Group LLC, an affiliate of the Exchange (“BOX Holdings”), proposes to repurchase the ownership interest in BOX Holdings held by SI. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at

<http://boxexchange.com>.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. The Exchange's charter is a Limited Liability Company Agreement, dated as of May 10, 2012 (the "Exchange LLC Agreement"). SI became a Member of the Exchange on May 10, 2012.

BOX Holdings is a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. BOX Holdings is the sole owner of BOX Market LLC, a facility of the Exchange ("BOX Market"). The BOX Holdings charter is a Limited Liability Company Agreement, dated as of May 10, 2012 (the "Holdings LLC Agreement"). SI became a Member of BOX Holdings on May 10, 2012. 6,445 Economic Units and 4,990 Voting Units represent SI's ownership interest in the Exchange, comprising 6.455% of all outstanding interests and 4.99% of all outstanding voting interests of the Exchange, respectively (the "Exchange Units"). 500 Class A Units represent SI's ownership interest in BOX Holdings, comprising 4.203% of all outstanding ownership interests of BOX Holdings (the "Holdings Units" and, together with the Exchange Units, the "SI Units").

Each of the Exchange and BOX Holdings has agreed with SI to purchase the SI Units. Accordingly, it is proposed that SI transfer all of the Exchange Units to the Exchange and all of the Holdings Units to BOX Holdings (the "Transfer"). After the Transfer, the SI Units will no longer be outstanding, references to SI in each of the Exchange LLC Agreement and the

Holdings LLC Agreement will be removed, and SI will have no remaining rights under the Exchange LLC Agreement or the Holdings LLC Agreement.

As provided in Section 7.3(f) of the Exchange LLC Agreement, “no Person, alone or together with any Related Persons, shall own, directly or indirectly, of record or beneficially, an aggregate Economic Percentage Interest greater than 40% (or 20% if such Person is a BOX Options Participant) (the “Economic Ownership Limit”).” Accordingly, because the total number of outstanding Economic Units of the Exchange are reduced in the Transfer, outstanding Economic Units held by any remaining Members of the Exchange will be cancelled to the extent necessary to ensure compliance with the Economic Ownership Limit.

As provided in Section 7.3(g) of the Exchange LLC Agreement, “no Person, alone or together with any Related Persons, shall own, directly or indirectly, of record or beneficially, an aggregate Voting Percentage Interest of greater than 20% (the “Voting Ownership Limit”).” Further, Section 7.3(g) of the Exchange LLC Agreement provides that, upon any change in economic ownership, the number of Voting Units held by each Member of the Exchange shall be adjusted to maintain compliance with the Voting Ownership Limit. Accordingly, because the number of Economic Units held by Members of the Exchange are reduced in the Transfer, the number of outstanding Voting Units of the Exchange, and the number of Voting Units held by each of the remaining Members of the Exchange, will be adjusted to the extent necessary to ensure compliance with the Economic Ownership Limit.

As discussed above, all ownership limits relating to the Exchange will continue to be strictly respected. The Transfer will not result in any Member of the Exchange exceeding its applicable Economic Ownership Percentage or Voting Ownership Percentage (collectively, its “Ownership Percentages”). Prior to the Transfer, some Members of the Exchange already held

the maximum Ownership Percentages allowed under the Exchange LLC Agreement. The Ownership Percentages held by these Members will remain completely unchanged after giving effect to the Transfer. For other Members of the Exchange, adjustments to Ownership Percentages resulting from the Transfer will be insubstantial, such that no Member of the Exchange will have its Ownership Percentage adjusted by more than 2.2% of the Exchange's ownership. After giving effect to the Transfer, no Member will hold more than 40% Economic Ownership Percentage, no Participant will hold more than 20% Economic Ownership Percentage, and no Member will hold more than 20% Voting Ownership Percentage in the Exchange.

The Board of Directors of the Exchange will remain unaffected by the Transfer. The makeup of the Board will still be comprised of a majority of Directors that are Non-industry Directors, at least 20% that are Participant Directors and one (1) Director that is also an officer or director of BOX Holdings.³

Further, Section 7.4(f) of the Holdings LLC Agreement provides that a rule filing pursuant to Section 19 of the Exchange Act is required with respect to certain transactions that result in the acquisition and holding by a person of an aggregate ownership interest in BOX Holdings which meets or crosses the threshold level of 20% or any successive 5% level. Although MX US 2, Inc., a wholly-owned subsidiary of TMX Group Limited ("MXUS2"), is not acquiring any additional ownership Units of BOX Holdings in the Transfer, the reduction of the total number of outstanding ownership Units of BOX Holdings in the Transfer will result in a corresponding increase in the ownership interest held by MXUS2 from 53.83% to 56.19% and thereby crossing a 5% level of fifty-five percent.

³ See §4.02 of the BOX Options Exchange LLC Bylaws.

This change in MXUS2's ownership percentage by less than 2.4% of the overall ownership of BOX Holdings is insubstantial and will not materially alter the ownership or voting power of MXUS2 in BOX Holdings. Even though the MXUS2's ownership percentage will experience this small increase, no additional power or control will accrue to MXUS2 as a result. For example, as the current holder of a majority of the outstanding ownership interests in BOX Holdings, MXUS2 has the ability to control any vote of the Members or the Board of Directors of BOX Holdings that requires a simple majority vote. After giving effect to the Transfer, MXUS2 will still control such votes. Further, MXUS2 currently has the power to appoint up to five (5) representatives to the BOX Holdings Board of Directors. After giving effect to the Transfer, MXUS2 will still have the power to appoint the same number of Directors of BOX Holdings. As a 56.19% owner, MXUS2 would have no additional voting or veto rights and no other ability to exercise power over the operations of BOX Holdings or its subsidiary, BOX Market. No other Member of BOX Holdings will have its ownership percentage in BOX Holdings adjusted by more than 0.9% of the total BOX Holdings ownership as a result of the Transfer.

The consideration paid to SI by BOX Holdings and the Exchange in connection with the Transfer was paid almost entirely by BOX Holdings with only a de minimis amount paid by the Exchange. The Exchange continues to reserve sufficient assets to operate and fulfill its regulatory responsibilities with respect to itself and the BOX Market. The Exchange Board of Directors remains committed to ensuring the Exchange is sufficiently capitalized to meet its obligations. The Exchange and BOX Market continue to be subject to a written agreement which provides that the Exchange receives and retains all assets deemed to be necessary for regulatory purposes by the

Exchange. Accordingly, payments made to consummate the Transfer will not have any negative effect on the Exchange's ability to carry out its duties and obligations as an SRO.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(1), in particular, in that it enables the Exchange to be so organized so as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act in that it is designed to facilitate transactions in securities, 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.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of

the Act⁴ and Rule 19b-4(f)(6) thereunder.⁵ Because the 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.⁶

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay because the Transfer is intended to be completed in less than 30 days. The Commission believes that an earlier operative date will ensure that the filing is effective prior to the intended completion of the Transfer in less than 30 days. Based on the foregoing, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.⁷ The Commission hereby grants the Exchange's request and designates the proposal operative upon filing.

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

⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵ 17 CFR 240.19b-4(f)(6).

⁶ In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's 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. The Commission has waived the 5-day pre-filing requirement in this case.

⁷ For purposes only 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).

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 e-mail to rule-comments@sec.gov. Please include File Number SR- SR-BOX-2015-14 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-BOX-2015-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet 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 the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2015-14 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Brent J. Fields
Secretary

⁸ 17 CFR 200.30-3(a)(12).