

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-78024; File No. SR-BOX-2016-23)

June 9, 2016

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule to Make Non-Substantive Clerical Amendments

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 31, 2016, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. 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 the Substance of the Proposed Rule Change

The Exchange is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Fee Schedule to make non-substantive clerical amendments. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on June 1, 2016. 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>.

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

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

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

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

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

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

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

1. Purpose

Non-Auction Transactions

The Exchange proposes to amend Section I (Non-Auction Transactions) of the BOX Fee Schedule to clarify what volume on BOX will count towards the monthly volume tier in Section I.A.1 of the Box Fee Schedule. The Exchange proposes to add language to the first paragraph of Section I.A.1 to clarify that percentage thresholds will be calculated on a monthly basis by totaling the Market Maker or Public Customer's executed Auction and Non-Auction transaction volume on BOX, relative to the total national Market Maker or Customer volume in multiply-listed options classes.

The Tiered Volume Rebate for Non-Auction Transactions has been in place since November 2014<sup>5</sup> and was amended in November 2015<sup>6</sup> to calculate percentage thresholds on a monthly basis by totaling the Market Maker or Public Customer's executed volume on BOX, relative to the total national Market Maker or Customer volume in multiply-listed options

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<sup>5</sup> See Securities Exchange Act Release No. 73547 (November 6, 2014), 79 FR 67520 (November 13, 2014) (Notice of Filing and Immediate Effectiveness SR-BOX-2014-25).

<sup>6</sup> See Securities Exchange Act Release No. 76447 (November 16, 2015), 80 FR 72758 (November 20, 2015) (Notice of Filing and Immediate Effectiveness SR-BOX-2015-36).

classes. The Exchange believes this additional language will reduce investor confusion about how the percentage thresholds are calculated with respect to non-auction transactions.

#### Liquidity Fees and Credits

The Exchange also proposes to amend Section II (Liquidity Fees and Credits) of the BOX Fee Schedule to make non-substantive clerical changes. Specifically, in Section II of the Fee Schedule, the Exchange proposes to delete the second and third paragraphs that detail which non-auction orders will be considered to add or remove liquidity with regard to fees and credits. The Exchange believes this text is now obsolete, as non-auction transactions are no longer subject to Liquidity Fees and Credits and removing the language will reduce investor confusion about the applicable fees for non-auction transactions.<sup>7</sup>

Liquidity Fees and Credits have been in place on BOX since its inception in 2012. For non-auction transactions, these fees and credits were applied to any order, including an order with a Fill and Kill designation and were in addition to the Exchange fees in Section I. of the BOX Fee Schedule. Orders which executed against an order that was being exposed before being placed on the BOX Book were considered to add liquidity. On the contrary, any order, including an order with a Fill and Kill designation, that removed liquidity by trading immediately upon entry to the BOX Book or following its exposure as part of NBBO filtering, received a credit.<sup>8</sup> However, with the adoption of the new exchange fee pricing structure for non-auction transactions in 2014<sup>9</sup>, the Exchange removed all liquidity fees and credits for non-auction transactions. The Exchange believes that deleting these paragraphs will provide clarity

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<sup>7</sup> See supra note 1 [sic].

<sup>8</sup> See Securities Exchange Act Release No. 66979 (May 14, 2012), 77 FR 29740 (May 18, 2012) (Notice of Filing and Immediate Effectiveness SR-BOX-2012-002).

<sup>9</sup> See supra note 1 [sic].

and will also eliminate confusion among market participants, which is in the interest of all investors and the general public.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. In particular, the Exchange believes it is reasonable and appropriate to add language to Section I.A.1 and remove language from Section II because doing so will eliminate any potential for investor confusion. The Exchange believes that the proposed changes are reasonable, equitable and not unfairly discriminatory because it treats all market participants equally and will not have an adverse impact on any particular market participant.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not designed to address any competitive issue but rather to make non-substantive changes to the BOX Fee Schedule, thereby reducing confusion and making the Exchange's Fee Schedule easier to understand. The Exchange believes that the proposed rule change will serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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

No written comments were either solicited or received.

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<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act<sup>11</sup> and Rule 19b-4(f)(2) thereunder,<sup>12</sup> because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2016-23 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.

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

All submissions should refer to File Number SR-BOX-2016-23. 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 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-BOX-2016-23, 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.<sup>13</sup>

Robert W. Errett  
Deputy Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).