SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83367; File No. SR-BOX-2018-14)

June 4, 2018

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of Proposed Rule Change to Adopt Rules Governing the Trading of Complex Qualified Contingent Cross and Complex Customer Cross Orders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 22, 2018, 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 change from interested persons.

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

The Exchange proposes to adopt rules governing the trading of Complex Qualified Contingent Cross and Complex Customer Cross Orders. 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://boxoptions.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 received on the proposed rule change. The text of these statements may be examined at the

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

2 17 CFR 240.19b-4.

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 proposing rules that will make existing functionality available to additional order types on BOX. Specifically, the Exchange is proposing rules to codify Complex Customer Cross Orders and Complex Qualified Contingent Cross ("QCC") Orders on the Exchange.[3] The Exchange notes that the proposed changes are similar to the rules of another exchange.[4] In addition, the Exchange is proposing to expand certain Complex Order protections to the newly codified QCC Order and Complex Customer Cross Orders.[5]

Complex Customer Cross Orders

First, the Exchange is proposing to add text related to Complex Customer Cross Orders. Proposed Rule 7240(b)(4)(iii) defines a Complex Customer Cross Order as a type of Complex Order which is comprised of one Public Customer Complex Order to buy and one Public Customer Complex Order to sell (the same strategy) at the same price and for the same quantity.[6]

The Exchange uses the same crossing mechanism for the processing and execution of Complex Customer Cross Orders that is used for Customer Cross Orders in the regular market. Accordingly, proposed Rule 7110(c)(7) shall govern the trading of Complex Customer Cross Orders, as defined in Rule 7240(b)(4)(iii), on BOX. Proposed Rule 7110(c)(7) describes the

3 See https://boxoptions.com/assets/RC-2017-11-CC_QCC_cNBBO-July-10-Implementation-1.pdf.

4 See MIAX Rules 518(b)(5), 515(h)(3), 515(h)(4) and 518(b)(6).

5 See SR-BOX-2018-13.

6 Proposed Rule 7240(b)(4)(iii) is based on MIAX Rule 518(b)(5).

execution price requirements that are specific to Complex Customer Cross Orders.[7] Specifically, Complex Customer Cross Orders are automatically executed upon entry provided that the execution (i) is at least $0.01 better than (inside) the cBBO[8] and any Public Customer Complex Order on the Complex Order Book;[9] (ii) is at or better than any non-Public Customer Complex Order on the Complex Order Book; and (iii) is at or between the cNBBO.[10] The purpose of the requirement that the execution must be at least $0.01 better than the cBBO is to ensure that there is no interference between the regular and complex markets. The purpose of the requirement that the execution must be at least $0.01 better than any Public Customer Complex Order on the Complex Order Book is to ensure that the Complex Customer Cross Order does not trade in front of any resting Public Customer Complex Orders. The purpose of the requirement that the Complex Customer Cross Order be executed at or between the cNBBO is to ensure that net execution price is within the best net price available in the market and is in line with the requirement that simple Customer Cross Orders must execute at or within the NBBO.

The system will reject a Complex Customer Cross Order if, at the time of receipt of the Complex Customer Cross Order, the strategy is subject to an ongoing auction (including COPIP, Facilitation, and Solicitation auctions) or there is an exposed order on the strategy pursuant to Rule 7240(b)(3)(B). The purpose of this provision is to maintain an orderly market by avoiding the execution of Complex Customer Cross Orders with components that are involved in other

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[7] Proposed Rule 7110(c)(7) is based on MIAX Rule 515(h)(3).

[8] The term “cBBO” means the best net bid and offer price for a Complex Order Strategy based on the BBO on the BOX Book for the individual options components of such Strategy. See Rule 7240(a)(1).

[9] The term “Complex Order Book” means the electronic book of Complex Orders maintained by the BOX Trading Host. See Rule 7240(a)(8).

[10] The term “cNBBO” means the best net bid and offer price for a Complex Order Strategy based on the NBBO for the individual options components of such Strategy. See Rule 7240(a)(3).

system functions that could affect the execution price of the Complex Customer Cross Order, and by avoiding concurrent processing on the Exchange involving the same strategy.

Proposed Rule 7110(c)(7)(i) states that Complex Customer Cross Orders will be automatically cancelled if they cannot be executed. Proposed Rule 7110(c)(7)(ii) provides that Complex Customer Cross Orders may only be entered in the minimum trading increments applicable to Complex Orders under Rule 7240(b)(1).

As a regulatory matter, proposed Rule 7110(c)(7)(iii) states that IM-7140-1 applies to the entry and execution of Complex Customer Cross Orders.[11]

The following example illustrates the execution of a Complex Customer Cross Order:

Example 1 – Execution of a Complex Customer Cross Order

BOX Leg A Book: 6.00 – 6.50
BOX Leg B Book: 3.00 – 3.30

Strategy: Buy A Call, Sell B Call

The cNBBO is 2.70 – 3.20
The cBBO is 3.00 – 3.20
The Complex Order Book contains a Public Customer order to sell the strategy at 3.20.

The Exchange receives a Complex Customer Cross Order representing Public Customers on both sides for the simultaneous purchase and sale of the strategy at a price of 3.19.

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11 Rule 7140(b) prevents an Options Participant executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on BOX an opportunity to trade with the agency order pursuant to Rule 7150 (Price Improvement Period), Rule 7245 (Complex Order Price Improvement Period) or Rule 7270 (Block Trades). However, the Exchange recognizes that it may be possible for an Options Participant to establish a relationship with a Customer or other person (including affiliates) to deny agency orders the opportunity to interact on BOX and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of this Rule for an Options Participant to circumvent this Rule by providing an opportunity for a Customer or other person (including affiliates) to execute against agency orders handled by the Options Participant immediately upon their entry into the Trading Host. See IM-7140-1.

> The order price is at least $0.01 better than (inside) the cBBO and the Public Customer Complex Order on the Complex Order Book. Additionally, the order price is at or between the cNBBO. Therefore, the Complex Customer Cross Order is automatically executed upon entry.

The Exchange notes that the proposed rules for Complex Customer Cross Orders are based on the rules of another exchange with certain minor differences.[12] First, the MIAX Rule requires the execution price to be better than the best net price of a complex order. The proposal requires the execution price to be better than any Public Customer Complex Orders on the Complex Order Book and no worse than the price of any non-Public Customer Complex Orders. The Exchange believes this difference is minor because the execution price must respect the orders on the Complex Order Book and not trade ahead of Public Customer Orders on the Complex Order Book, which is in line with regular Customer Cross Orders. Pursuant to Rule 7110(c)(5) a Customer Cross Order must execute at a price that is at or between the best bid and offer on BOX and is not at the same price as a Public Customer Order on the BOX Book. Additionally, the Exchange is proposing to have the execution price be within the cNBBO, which MIAX does not provide. The Exchange believes this difference is minor because the Exchange is simply ensuring that the execution price respect the best net prices available in the market. Additionally, similarly to the above, regular Complex Cross Orders may not trade through the NBBO.

Next, although both the proposed Rule and MIAX's Rule require the execution to be at least $0.01 better than best price based on orders on the regular books, MIAX includes non-displayed trading interest when determining the best price based on the regular books, which the Exchange is not proposing because the Exchange does not have non-displayed interest.

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[12] See MIAX Rules 515(h)(3) and 518(b)(5).

Lastly, MIAX rejects a Complex Customer Cross Order if, at the time of receipt, any component of the strategy is subject to a PRIME Auction, a Route Timer, or liquidity refresh pause. The Exchange is not proposing the same conditions.[13] With respect to not rejecting when a component is subject to an auction, the Exchange notes that this approach is in line with the treatment of a COPIP when there is an ongoing PIP on a component of the Complex Order. Specifically, the Exchange will accept Complex Orders designated for the COPIP where there is a PIP on an individual component.[14] Further, in order to ensure orderly markets involving multiple Complex Orders with common components, the Exchange is proposing additional circumstances in which a Complex Customer Cross Order will be rejected, specifically, when there is an exposed order on the strategy pursuant to rule 7240(b)(4)(iii), or there is an ongoing Facilitation or Solicitation auction on the strategy.

Complex QCC Orders

Next, the Exchange is proposing to add text related to Complex QCC Orders. Pursuant to proposed Rule 7240(b)(4)(iv), a Complex QCC Order is comprised of an originating Complex Order to buy or sell where each component is at least 1,000 contracts that is identified as being part of a qualified contingent trade[15] coupled with a contra-side Complex Order or orders totaling an equal number of contracts.[16]

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13 BOX notes that it does not have either the Route Timer or liquidity refresh pause features on the Exchange. As such, BOX is not proposing to include these features under the Proposal.

14 See IM-7245-2.

15 A "qualified contingent trade" is a transaction consisting of two or more component orders, executed as agent or principal, where: (1) at least one component is an NMS Stock, as defined in Rule 600 of Regulation NMS under the Exchange Act; (2) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent; (3) the execution of one component is contingent upon the execution of all other components at or near the same time; (4) the specific relationship between the component

The Exchange uses the same crossing mechanism for the processing and execution of Complex QCC Orders that is used for QCC Orders in the regular market.[17] Accordingly, proposed Rule 7110(c)(8) shall govern trading of Complex QCC Orders, as defined in Rule 7240(b)(4)(iv), on BOX. Proposed Rule 7110(c)(8) describes the execution price requirements that are specific for Complex QCC Orders.[18] Specifically, Complex QCC Orders are automatically executed upon entry provided that the execution (i) is not at the same price as a Public Customer Complex Order; (ii) is at least $0.01 better than (inside) the cBBO; (iii) is at or better than any non-Public Customer Complex on the Complex Order Book; and (iv) each option leg executes at or between the NBBO. The purpose of the requirement that the execution must be at least $0.01 better than the cBBO is to ensure that there is no interference between the regular and complex markets. The purpose of the requirement that the execution must not be at the same price as any Public Customer Complex Order on the Complex Order Book is to ensure that the Complex Customer Cross Order does not trade in front of any resting Public Customer Complex Orders. The purpose of the requirement that the individual options legs of the Complex QCC Order be executed at or between the NBBO is to ensure that the execution price of each option

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orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed; (5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and (6) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade. See IM-7110-2.

16 Proposed Rule 7240(b)(4)(iv) is based on MIAX Rule 518(b)(6).

17 See Securities Exchange Act Release No. 80661 (May 11, 2017), 82 FR 22682 (May 17, 2017)(SR-BOX-2017-14). The Exchange notes that regular QCC Orders on BOX are allowed to execute automatically on entry without exposure provided the execution: (i) is not at the same price as a Public Customer Order on the BOX Book; and (2) is at or between the NBBO.

18 Proposed Rule 7110(c)(8) is based on MIAX Rule 515(h)(4).

leg is within the best price available in the market and is in line with the requirement that simple QCC Orders must execute at or within the NBBO.

The system does not consider the NBBO price for the stock component because the Exchange does not execute the stock component; the Exchange executes the option components at a net price and ensures that, among other things, the execution price of (i) the strategy is at least $0.01 better than the cBBO; and (ii) each option leg is at or between the NBBO.

The Exchange believes the proposed Complex QCC pricing methodology aligns with the Qualified Contingent Trade ("QCT") Exemption, as defined below. The parties to a contingent trade are focused on the spread or ratio between the transaction prices for each of the component instruments (i.e., the net price of the entire contingent trade), rather than on the absolute price of any single component. Pursuant to the requirements of the NMS QCT Exemption, the spread or ratio stands regardless of the market prices of the individual orders at their time of execution. As the Commission noted in the Original QCT Exemption, "the difficulty of maintaining a hedge, and the risk of falling out of hedge, could dissuade participants from engaging in contingent trades, or at least raise the cost of such trades." Thus, the Commission found that, if each stock leg of a qualified contingent trade were required to meet the trade-through provisions of Rule 611 of Regulation NMS, such trades could become too risky and costly to be employed successfully and noted that the elimination or reduction of this trading strategy potentially could remove liquidity from the market.[19] This is also true for QCC Orders in options, and thus the Exchange believes that its proposal is consistent with the Original QCT Exemption.[20]

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[19] See Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006) ("Original QCT Exemption").

[20] The Exchange represents that QCTs will be subject to existing trading surveillance administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designated to detect violations of Exchange rules and applicable

The system will reject a Complex QCC Order if, at the time of receipt of the Complex QCC Order, the strategy is subject to an ongoing auction (including COPIP, Facilitation, and Solicitation auctions) or there is an exposed order on the strategy pursuant to Rule 7240(b)(3)(B). The purpose of this provision is to maintain an orderly market by avoiding the execution of Complex QCC Order with components that are involved in other system functions that could affect the execution price of the Complex QCC Order, and by avoiding concurrent processing on the Exchange involving the same strategy.

Proposed Rule 7110(c)(8)(i) states that Complex QCC Orders will be automatically cancelled if they cannot be executed. Proposed Rule 7110(c)(8)(ii) provides that Complex QCC Orders may only be entered in the minimum trading increments applicable to Complex Orders under Rule 7240(b)(1).

The following example illustrates the execution of a Complex QCC Order:

<u>Example 2 – Execution of a Complex QCC Order</u>

BOX Leg A Book: 6.00 – 6.60
BOX Leg B Book: 3.00 – 3.30
Leg A NBBO: 6.00 – 6.60
Leg B NBBO: 3.00 – 3.30

Strategy: Buy A Call, Sell B Call

The cBBO is 2.70 – 3.30
The cNBBO is 2.70 – 3.30
The Complex Order Book contains a broker-dealer order to sell the strategy at 3.29.

The Exchange receives a Complex QCC Order for the simultaneous purchase and sale of the strategy at a net price of 3.29, 1,000 times. Since the order can be executed at or between the NBBO for each leg of the strategy, is not at a worse price than the non-Public Customer Order

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federal securities laws. The Exchange believes the existing surveillance of QCTs is sufficient to ensure compliance with the proposed rule.

on the Complex Order Book, is at least $0.01 better than the cBBO and the order size is met, the Complex QCC Order is automatically executed upon entry.

The proposed rules governing Complex QCC Orders are based on the rules of another exchange with certain differences.[21] First, MIAX requires the individual legs be executed not at the same price as a Priority Customer Order on the book. The Exchange does not propose to include this provision of MIAX's rule as the BOX system handles Complex Orders differently. Specifically, Complex Orders on BOX are executed at a net debit or credit, and therefore it is understandable that the execution parameters would be controlled by the net price of the strategy rather than the individual legs. A Complex Order may execute as a net credit or debit with one other Participant; provided, the price of at least one leg of the Complex Order must trade at a price that is better than the corresponding bid or offer in the marketplace by at least one minimum trading increment (i.e., one cent) as set forth in Rule 7240(b)(1).[22] As such, and to stay in line with how Complex Orders are handled on BOX, the Exchange is proposing that the net execution price of the Complex QCC Order be better than the cBBO. As discussed above, this is in line with the approach to Complex Orders in general on the Exchange. Further, the Exchange believes it is important to respect all interest in the regular Book and not only Public Customer interest, as is the case with MIAX, which is why the Exchange requires the Complex QCC Order to be better than the cBBO.

To illustrate this, assume a Complex QCC Order at $2.01 is received by the system for strategy A+B. There is a Public Customer Order to buy leg A on the Book for $1.00 and a Public

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21 See MIAX Rules 515(h)(4) and 518(b)(6).

22 See Rule 7240(b)(2)(1)(i). In addition, Complex Qualified Open Outcry Orders may be executed at a price without giving priority to equivalent bids or offers in the individual series legs on the initiating side, provided at least one options leg betters the corresponding bid or offer on the BOX Book by at least one minimum trading increment (i.e., one cent) as set forth in Rule 7240(b)(1). See 7600(c).

Customer Order to buy leg B on the Book for $1.00. Under the proposal, the Complex QCC Order would be accepted by the system because the execution price is at least $0.01 better than the cBBO.[23] The Exchange does not believe that this result harms the resting Public Customer Orders.[24] Specifically, given the execution price of $2.01, the sell side of the Complex QCC Order could not interact with the resting Public Customer Orders because there is no interest on the individual legs that, when combined, equal the execution price of $2.01. If, however, in addition to the Public Customer order to buy leg B at $1.00 there is a non-Public Customer order to buy leg B at $1.01, the Complex QCC Order at $2.01 would be rejected. This is because the execution price is no longer better than the cBBO.[25] As such, the Public Customer Order on leg A is protected because there is interest on the individual leg Books that, when combined, equal the proposed execution price of the Complex QCC Order. Further, since the agreed upon price between market participants was $2.01, it would be detrimental to require the order to be executed at a worse price than is necessary. While the BOX proposal does not have the same price protection for Public Customers as MIAX Complex QCC rule, the Exchange believes the proposal, which provides a level of price protection to all Participants, remains consistent with the Act.

The Exchange is proposing the additional requirements that the execution price is not at the same price as a Public Customer Complex Order and at or better than any non-Public

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23 Assume for the example that the cBBO is 2.00 – 5.00. The 2.00 bid is comprised of the Public Customer Orders on the individual leg books and 5.00 is a resting Complex Order.

24 As outlined in the proposal, this is consistent with how the system currently handles the interaction between Complex Orders and the individual leg Books. The Exchange notes that the same behavior occurs regardless of the account of the order on the individual leg Books. For example, if the orders on the leg Books were for the account of a broker-dealer, the execution price of the Complex QCC would still need to be $0.01 better than the cBBO.

25 The cBBO would now be 2.01 – 5.00.

Customer Complex Order on the Complex Order Book as compared to MIAX. The Exchange believes that these additional requirements are reasonable because the Exchange is respecting resting Complex Orders.

Lastly, MIAX rejects a Complex QCC Order if, at the time of receipt, any component of the strategy is subject to a PRIME Auction, a Route Timer, or liquidity refresh pause. The Exchange is not proposing the same conditions.[26] With respect to not rejecting when a component is subject to an auction, the Exchange notes that this approach is in line with the treatment of a COPIP when there is an ongoing PIP on a component of the Complex Order. Specifically, the Exchange will accept Complex Orders designated for the COPIP where there is a PIP on an individual component.[27] Further, the Exchange notes that orders on the regular book are protected by the fact that the execution price must be at least $0.01 better than the cBBO. Additionally, in order to ensure orderly markets involving multiple Complex Orders with common components, the Exchange is proposing additional circumstances in which a Complex QCC Order will be rejected, specifically, when there is an exposed order on the strategy, or there is an ongoing Facilitation or Solicitation auction on the strategy.

Lastly, the Exchange proposes to expand certain Complex Order protections to Complex QCC Orders and Complex Customer Cross Orders. Specifically, the Exchange proposes to amend Rule IM-7240-1(a)(5) and IM-7240(b)(5) to apply these price protection checks to

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[26] BOX notes that it does not have either the Route Timer or liquidity refresh pause features on the Exchange. As such, BOX is not proposing to include these features under the Proposal.

[27] See IM-7245-2.

Complex QCC Orders and Complex Customer Cross Orders. The Exchange notes that another options exchange has similar price checks.[28]

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),[29] in general, and Section 6(b)(5) of the Act,[30] 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 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.

The proposal to amend Rules 7110 and 7240 to codify rules covering Complex Customer Cross and Complex QCC Orders is consistent with Section 6(b)(5) of the Act because this proposal promotes just and equitable principles of trade and protects investors and the public interest by providing increased opportunities for the execution of Complex Orders. The Exchange believes that the proposed Complex Customer Cross and Complex QCC Rules will benefit Participants and the marketplace as a whole by adopting rules that allow for the trading of these types of orders on the Exchange. The Exchange believes the proposed rules for Complex Customer Cross and Complex QCC Orders remove impediments to and perfects the mechanism of a free and open market and a national market system and will result in more efficient trading and enhance the likelihood of the Complex Orders executing at the best prices by providing

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28 See Chicago Board Options Exchange, Incorporated ("Cboe") Interpretations and Polices .08(c) and (g) to Rule 6.53C.

29 15 U.S.C. 78f(b).

30 15 U.S.C. 78f(b)(5).

additional order types resulting in potentially greater liquidity available for trading on the Exchange.

The proposed rule change will provide rules that make existing functionality available to additional order types. Providing rules that make Customer Cross and QCC available for Complex Orders removes impediments to and perfects the mechanisms of a free and open market and a national market system because Participants will be given additional ways in which they can execute Complex Orders.

The proposed rule change will protect investors and the public interest by assuring the existing priority and allocation rules applicable to the processing and execution of Customer Cross Orders, QCC Orders, and Complex Orders remains consistent with the processing and execution of these order types, unless otherwise specifically set forth in the rules.

The Exchange further believes that the proposed methodology for the execution of Complex QCC Orders without consideration of the NBBO of the stock component is consistent with the QCT Exemption. As stated above, the QCT Exemption provides an exception for the stock leg of qualified contingent trades from trade-through requirements. Therefore, the system considers the NBBO of the options legs of the Complex QCC Order, and not the NBBO for the stock component, in calculating the pricing requirement for Complex QCC Orders.

The system does not consider the NBBO price for the stock component because the Exchange does not execute the stock component; the Exchange executes the option components at a net price and ensures that the net execution price for the strategy (i) is at least $0.01 better than the cBBO; (ii) is not at the same price as a Public Customer Complex Order; (iii) is at or better than any non-Public Customer Complex Order on the Complex Order Book; and (iv)each leg is at or between the NBBO.

The Exchange believes that the proposal to reject a Complex Customer Cross or Complex QCC Order at the time of receipt of the order when the strategy is subject to an ongoing auction (including COPIP, Facilitation and Solicitation auctions), or there is an exposed order on the strategy, removes impediments to and perfects the mechanism of a free and open market by ensuring orderly markets involving multiple complex orders with common components.

The proposed rule change to implement a debit/credit check for Complex QCC and Complex Customer Cross Orders is consistent with the Act. With the use of debit/credit checks, the Exchange can further assist with the maintenance of a fair and orderly market by mitigating the potential risks associated with Complex Orders trading at prices that are inconsistent with their strategies (which may result in executions at prices that are extreme and potentially erroneous), which ultimately protects investors. This proposed implementation of the debit/credit check promotes just and equitable principles of trade, as it is based on the same general option and volatility pricing principles which the Exchange understands are used by market participants in their option pricing models.

Additionally, the Exchange also believes that calculating a maximum price for true butterfly spreads, vertical spreads, and box spreads will assist with the maintenance of fair and orderly markets by helping to mitigate the potential risks associated with Complex QCC and Complex Customer Cross Orders trading at extreme and potentially erroneous prices that are inconsistent with particular Complex Order strategies. Further, the Exchange notes that the maximum price is designed to mitigate the potential risks of executions at prices that are not within an acceptable price range, as a means to help mitigate the potential risks associated with Complex Orders trading at prices that are inconsistent with their strategies, in addition to the debit/credit check. As such, the proposed rule change is designed 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 to provide rules governing the trading of Complex Customer Cross and Complex QCC Orders will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule is being proposed as a competitive response to the rules of another exchange.[31] Additionally, the proposed rule change is intended to promote competition by adding rules for new order types that enable Participants to execute Complex Orders on the Exchange. The Exchange believes that this enhances inter-market competition by enabling the Exchange to compete for this type of order flow with other exchanges that have similar rules and functionalities in place.

Further, the Exchange does not believe that the proposed Complex Order protections will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to the rules of another exchange.[32] Additionally, the Exchange believes the proposed rule change is beneficial to Participants as it will provide increased protections that will prevent the execution of certain Complex Orders that were entered in error. The Exchange believes the proposal is pro-competitive and should serve to attract additional Complex Orders to the Exchange. Further, the Exchange does not believe the proposed change will not impose a burden on intramarket competition because it is available to all Participants.

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31 See MIAX Rules 515(h)(3), 515(h)(4), 518(b)(5), and 518(b)(6).

32 See supra, note 4.

For the reasons stated, the Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and the Exchange believes the proposed change will, in fact, enhance 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. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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-BOX-2018-14 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2018-14. 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, D.C. 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. 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-BOX-2018-14, 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.[33]

Eduardo A. Aleman
Assistant Secretary

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[33] 17 CFR 200.30-3(a)(12).