

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69240; File No. SR-BOX-2013-18)

March 26, 2013

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend IM-5050-10 (Mini Options Contracts)

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 March 22, 2013, BOX Options Exchange LLC (“BOX” or “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 Exchange. 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 Substance of the Proposed Rule Change

The Exchange proposes to amend IM-5050-10 (Mini Options Contracts). 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 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to amend its rules related to Mini Options traded on the Exchange. Mini Options overlie 10 equity or ETF shares, rather than the standard 100 shares.³ Mini Options are currently approved on the following five (5) underlying securities: SPDR S&P 500 ETF (“SPY”), Apple Inc. (“AAPL”), SPDR Gold Trust (“GLD”), Google Inc. (“GOOG”), and Amazon.com, Inc. (“AMZN”). This is a competitive filing that is based on a proposal recently filed for immediate effectiveness by the International Securities Exchange (“ISE”).⁴

The purpose of this proposed rule change is to amend IM-5050-10 (Mini Options Contracts) to codify the minimum contract threshold requirement for the execution of Mini Options in the Exchange’s Facilitation Auction and Solicitation Auction. The Facilitation Auction is a process by which an OFP can attempt to execute a transaction wherein the OFP seeks to facilitate a block-size order it represents as agent (“Agency Order”), and/or a transaction wherein the OFP solicited interest to execute against an Agency Order. OFPs must be willing to execute the entire size of Agency Orders entered into the Facilitation Auction through the submission of a contra “Facilitation Order”.⁵ Block-size orders are orders for fifty (50) or more contracts.⁶ The Solicitation Auction is a process by which an OFP can attempt to execute orders

³ See Securities Exchange Act Release No. 68771 (January 30, 2013), 78 FR 8208 (February 5, 2013) (SR-BOX-2013-07). The Exchange began trading Mini Options on March 18, 2013.

⁴ See Securities Exchange Act Release No. 69163 (March 18, 2013), 78 FR 17733 (March 22, 2013) [sic] (Notice of Filing and Immediate Effectiveness of SR-ISE-2013-23).

⁵ See BOX Rule 7270(a).

⁶ See IM-7270-2.

of 500 or more contracts it represents as agent (the “Agency Order”) against contra orders that it has solicited (“Solicited Order”).⁷ Each Agency Order entered into the Solicitation Auction shall be all-or-none. The minimum contract threshold required for the Facilitation Auction and the Solicitation Auction applies to option contracts that overlie 100 shares and therefore does not currently apply to Mini Options.

The Exchange now proposes to amend IM-5050-10 (Mini Options Contracts) to adjust the minimum contract threshold for executing Mini Options in the Facilitation Auction and Solicitation Auction by ten times their current requirement. Thus, Mini Options executed in the Facilitation Auction must be for five hundred (500) or more Mini Option contracts, and Mini Options executed in the Solicitation Auction must be for five thousand (5,000) or more Mini Option contracts.

The Exchange believes it is appropriate to adjust the minimum contract threshold for Mini Options so they are equivalent (same number of underlying securities) to the minimum contract threshold required for standard options that are executed in the Facilitation Auction and Solicitation Auction. The Exchange believes that adjusting the minimum contract threshold will remove any confusion on the part of market participants that want to use these Exchange functionalities to execute Mini Options.

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”), in general, and Section 6(b)(5) of the Act, 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

⁷ See BOX Rule 7270(b).

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. In particular, the proposed rule change will assure that standard options and Mini Options on the same underlying security will have an equivalent minimum contract threshold for the execution of orders in the Exchange's Facilitation Auction and Solicitation Auction. The Exchange believes the proposed rule change will also avoid investor confusion because in the absence of this proposal, the minimum contract threshold for executing Mini Options in the Facilitation Auction and Solicitation Auction would have been different than that for standard options (i.e., different number of underlying securities). The Exchange does not intend that Mini Options and standard options would have different minimum contract threshold requirements for its various auctions executed on the Exchange. The Exchange further believes that investors and other market participants will benefit from this proposed rule change because it proposes to clarify and establish the minimum contract threshold for executing Mini Options in the Facilitation Auction and Solicitation Auction. The Exchange believes that investors generally will be expecting the minimum contract threshold for Mini Options to be equivalent to the minimum contract threshold for standard options when it comes to executing trades in the Exchange's various auctions in Mini Options on the same underlying security. This proposed rule change will therefore lessen investor confusion.

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. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a

competitive response to the filing submitted by ISE.⁸ The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform rules regarding the minimum contract threshold requirement for the execution of Mini Options in the Exchange's Facilitation Auction and Solicitation Auction. The Exchange believes that the proposed rule change will in fact relieve any burden on, or otherwise promote competition. Mini Options are currently approved for trading on multiple options exchanges and all of the options exchanges that have a minimum contract threshold in their rules will have the opportunity to amend their rules to adopt minimum contract thresholds for Mini Options that are equivalent to the minimum contract threshold for standard options.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

⁸ See *supra*, note 4.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its 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 five-day pre-filing requirement in this case.

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 requests that the Commission waive the 30-day operative delay so that the proposed rule change may become immediately operative. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.¹¹ The Exchange began trading Mini Options on March 18, 2013, and waiver of the operative delay will allow the Exchange to implement its proposal to codify the minimum contract thresholds for the execution of Mini Options in the Exchange's Facilitation Auction and Solicitation Auction. For these reasons, the Commission designates the proposed rule change as 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 action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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:

¹¹ 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).

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-2013-18 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2013-18. 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-2013-18 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.¹²

Elizabeth M. Murphy
Secretary

¹² 17 CFR 200.30-3(a)(12).