

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71650; File No. SR-BOX-2014-09)

March 5, 2014

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Clerical and Non-Controversial Rule Changes

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, 2014, BOX Options Exchange LLC (“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 make non-controversial and clerical amendments to its rules. 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 purpose of the proposed rule change is to amend Rules 7130 (Execution and Price/Time Priority) and 7230 (Limitation on Liability) and Interpretive Material to Rule 15010 (Order Protection) to make clerical corrections to the BOX Rulebook. Additionally, the Exchange proposes to make non-controversial amendments to Rules 7110 (Order Entry) and 8050 (Market Maker Quotations).

First, there is a numbering issue within Rule 7130 which needs to be corrected. Specifically, 7130(a)(4)(v) is incorrectly numbered and needs to be changed to 7130(a)(4)(iv). Although this numbering issue has been in place since the inception of the BOX Rulebook,³ BOX recently became aware of it.

Second, on May 9, 2012, BOX filed a proposed rule change to amend BOX Rule 7230⁴ to clarify and codify certain provisions within Rule 7230 and to establish the maximum monthly compensation amount. The changes to that filing became operative on May 9, 2012. The purpose of this filing is to correct clerical and grammatical errors that were created by that filing. Specifically, in subsection (a)(2), the Exchange would like to update the two instances of "Exchange Related Persons or Entities" to "Exchange Related Persons and/or Entities". Additionally, in subsection (c), the Exchange would like to correct the grammatical error by removing the word "any" from the last sentence. Lastly, in subsection (d), the Exchange would like to make another clerical correction by changing "Exchange Related Persons and/or Entity" to "Exchange Related Persons and/or Entities".

³ See Securities Exchange Act Release No. 66871 (April 27, 2012) (File No. 10-206).

⁴ See Securities Exchange Act Release No. 66982 (May 14, 2012), 77 FR 29718 (May 18, 2012) (SR-BOX-2012-001).

Third, the Interpretative Material to BOX Rule 15010 is incorrectly titled as “IM-15020-1”. The Exchange would like to correct this typographical error by amending the Interpretative Material to read “IM-15010-1”. Although this numbering issue has been in place since the inception of the BOX Rulebook,⁵ BOX recently became aware of it.

Fourth, the Exchange is proposing to amend Rule 7110(e)(1)(i) by adding a provision to the existing order designation, Good ‘Till Cancelled (“GTC”).⁶ Specifically, the proposal adds subsection (E) which states that orders with the GTC designation will be cancelled in the event of a corporate action that results in an adjustment to the terms of an option contract. Further, the addition of this provision is based on a filing recently submitted by the International Securities Exchange, Inc [sic] (“ISE”).⁷

Last, the Exchange is proposing to remove Rule 8050(d)(3), which states that within thirty seconds of receipt of a Customer Order to buy or sell an option in an amount greater than its published quotation size, a Market Maker will execute the entire order or that portion of the order equal to its published quotation size and the bid or offer price will be revised. The Exchange believes this Rule is obsolete and no longer applicable because the BOX system is fully automated and all orders, including Customer Orders, are executed automatically and both orders execute against the full size of the Market Maker quote in compliance with Rule 602(c)(3) of Regulation NMS. Although this provision is being removed from the Exchange’s Rulebook,

⁵ See supra note 3.

⁶ A GTC designation can be added to Limit Orders and remain in the BOX Book until the order: (A) trades; (B) is withdrawn by the relevant responsible trader or BOX at the Options Participant’s request; (C) is automatically withdrawn by the Trading Host at market close on the date specified at the time of order entry; or (D) is automatically cancelled by the Trading Host on expiration of the contract month to which the order is related. See Rule 7110(e)(1)(i).

⁷ See Securities Exchange Act Release No. 71153 (December 20, 2013), 78 FR 79037 (December 27, 2013) (Notice of Filing and Immediate Effectiveness of SR-ISE-2013-67).

brokers or dealers are still subject to the Thirty Second Response Obligation under Rule 602(c)(3) of Regulation NMS. The Exchange notes that the BOX system is programmed to ensure compliance with such obligation. Additionally, the removal of this provision is based on a filing recently submitted by the ISE.⁸

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁹ in general, and Section 6(b)(5) of the Act,¹⁰ in particular, [sic] that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest. The Exchange believes it is appropriate to make these non-controversial and clerical corrections to its rules so that Exchange participants and investors have a clear and accurate understanding of the meaning of the Exchange's rules. By removing obsolete rule text as well as making clerical corrections, the Exchange is eliminating any potential for confusion by simplifying the Exchange Rules, ensuring that Participants, regulators and the public can more easily navigate the Exchange's Rulebook. The additional provision to the GTC designation codifies and clarifies what happens in the event of a corporate action, and therefore, will serve to eliminate investor confusion. There is nothing new or novel with respect to this order designation and ISE has this identical provision in its rules.¹¹ The Exchange believes that the proposed rule change

⁸ Id.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ See ISE Rule 715(r).

is not unfairly discriminatory because it treats all market participants equally and will not have an adverse impact on any market participant.

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

Most of the proposed rule changes are non-substantive corrections to the Exchange's rules and therefore do not implicate the competition analysis. The other proposed rule changes are based on a recent filing by the ISE.¹² As such, 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) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴ 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 prior to 30 days from the date on which it was filed, 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 Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶

¹² See supra note 7.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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

At any time within 60 days of the filing of such 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:

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-2014-09 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-2014-09. 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

days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2014-09 and should be submitted on or before [date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Kevin M. O'Neill
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).