

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-79869; File No. SR-BOX-2017-02)

January 24, 2017

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend Rule 7130 (Execution and Price/Time Priority) to include a Participant ID, if elected, to be included in BOX's proprietary High Speed Vendor Feed ("HSVF") for orders exposed pursuant to Rule 7130(b)(3)(ii)

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 January 17, 2017, BOX Options Exchange LLC ("BOX" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 Rule 7130 (Execution and Price/Time Priority) to include a Participant ID, if elected, to be included in BOX's proprietary High Speed Vendor Feed ("HSVF") for orders exposed pursuant to Rule 7130(b)(3)(ii). 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 purpose of the proposed rule change is to amend Rules 7130 and 7110. Specifically, the Exchange proposes to adopt Rule 7130(b)(3)(iii), which states that a Participant may elect to include their Participant ID, including any supplemental clearing information, in the HSVF for any orders exposed pursuant to Rule 7130(b)(3)(ii).³ Accordingly, the Exchange proposes to amend Rule 7130(a)(2) which details the information available to all market participants through the HSVF. Specifically, the Exchange proposes to amend Rule 7130(a)(2) to specify the addition of the Participant ID, including any supplemental clearing information, if elected, to be included in the HSVF pursuant to proposed Rule 7130(b)(b)(iii). The Exchange notes that similar functionality exists at another options exchange in the industry.⁴

The HSVF is a proprietary product that contains: (i) trades and trade cancelation information; (ii) best-ranked price level to buy and the best-ranked price level to sell; (iii) instrument summaries (including information such as high, low, and last trade price and traded

³ If a Participant elects to turn on or off this functionality, the change will be effective the following business day.

⁴ See EDGX Exchange, Inc. ("EDGX") Rule 11.6(a). The Exchange notes that on EDGX, the "Attributable" instruction to designate an order for display on the EDGX Book Feed with the Member's market participant identifier ("MPID") is voluntary and on an order-by-order basis or port-by-port basis; while BOX is proposing that the Participant ID be revealed in the HSVF for all orders exposed pursuant to the circumstances in Rule 7130(b)(3)(ii). The Exchange does not believe this difference is significant.

volume); (iv) the five best limit prices and the best-ranked Legging Order⁵ (if any), for each option instrument, and the five best limit prices and the best-ranked Implied Order⁶ (if any), for each Complex Order Strategy; (v) request for Quote messages;⁷ (vi) PIP Order, COPIP Order, Improvement Order and Block Trade Order (Facilitation and Solicitation) information;⁸ (vii) orders exposed at NBBO⁹ and Complex Orders exposed;¹⁰ (viii) instrument dictionary (e.g., strike price, expiration date, underlying symbol, price threshold, and minimum trading increment for instruments traded on BOX); (ix) options class and instrument status change notices (e.g., whether an instrument or class is in pre-opening, continuous trading, closed, halted, or prohibited from trading); (x) options class opening time and (xi) Public Customer bid/ask volume at the best limit.

The HSVF provides data to enhance the ability of subscribers to analyze market conditions and to create and test trading models and analytical strategies. The Exchange believes that the HSVF is a valuable tool that can be used to gain comprehensive insight into the trading activity in a particular option series. The addition of the voluntary Participant ID, including any supplemental clearing information, for orders exposed pursuant to Rule 7130(b)(b)(ii) will further increase the value of this tool by allowing market participants to better gauge exposed orders and partake in enhanced executions.

⁵ As set forth in Exchange Rule 7240(c)(1).

⁶ As set forth in Exchange Rule 7240(d)(1).

⁷ See Exchange Rules 100(a)(57), 7070(h) and 8050.

⁸ As set forth in Exchange Rules 7150, 7245, and 7270, respectively.

⁹ As set forth in Exchange Rules 7130(b)(3) and 8040(d)(6), respectively.

¹⁰ As set forth in Exchange Rule 7240(b)(3)(iii)(B).

The Exchange also proposes to reflect the proposed changes discussed above in BOX Rule 7110(f). Currently, Rule 7110(f) states that the identity of Options Participants who submit orders to the Trading Host will remain anonymous to market participants at all times, except orders submitted through the Directed Order process, during error resolution or through the normal clearing process as set forth in Rule 7130. The Exchange proposes to include reference to certain exposed orders as set forth in proposed Rule 7130(b)(3)(iii) which will allow the Participant ID to be revealed in the HSVF, if elected by the Participant.

The Exchange intends to implement the proposed change no later than March 31, 2017. The Exchange will provide Participants with notice, via Information Circular, of the exact implementation date.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹¹ in general, and Section 6(b)(5) of the Act,¹² 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 mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed rule change will allow the Exchange to reveal Participant IDs in the HSVF for orders exposed pursuant to Rule 7130(b)(3)(iii). The Exchange believes that the proposed change will enhance subscribers' ability to make more informed and timely trading decisions.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

Additionally, as set forth above, the Exchange believes this proposed change is reasonable and appropriate as another exchange has similar functionality.¹³ Lastly, the Exchange believes that the proposed change 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

The proposed rule change would allow the Exchange to disseminate additional information in its propriety market data product, the HSVF. This enhancement to the HSVF will give market participants greater information on which to base their trading strategies. 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

Because the foregoing 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, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

¹³ See supra note 4.

¹⁴ 15 U.S.C. 78s(b)(3)(a)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 Exchange has satisfied this requirement.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 No. SR-BOX-2017-02 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-2017-02. 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-2017-02 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.¹⁶

Eduardo A. Aleman
Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).