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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-68294; File No. SR-BOX-2012-019)

November 27, 2012

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Rule 7110 Regarding Session Orders

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 November 19, 2012, 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 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 amend its rules to amend Rule 7110 regarding Session 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://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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 this proposed rule change is to amend Rule 7110(e)(1)(iii)(C) to add a provision related to an exception to the manner in which certain Session Orders are handled when they have been routed to an away exchange. Specifically, the Exchange proposes to add a provision in Rule 7110(e)(1)(iii)(C)(3) to provide that any remaining quantity of a Session Order that has been routed away, if a Triggering Event occurs while the order is routed away and receives a partial execution, will be cancelled by BOX upon the return of the remainder to BOX from the away exchange.³

Exchange Rule 7110(e)(1)(iii) provides that a Session Order will remain active in the BOX trading system until a “Triggering Event” occurs that causes a BOX Participant to lose its connection to the BOX system, or causes BOX to be unable to process the Session Order.⁴ The following are “Triggering Events”: (1) the connection between the Participant and BOX that was used to enter the order is interrupted; (2) there is a disconnection between internal BOX components used to process orders, causing a component to lose its connection to the Participant or the Trading Host while in possession of the Session Order; or (3) a component of the Trading Host experiences a

³ Note that the Triggering Event does not need to be ongoing at the time the remainder is returned to BOX for it to be cancelled.

⁴ See Securities Exchange Act Release No. 62959 (September 21, 2010) 75 FR 59304 (September 27, 2010) (Notice of Filing and Immediate Effectiveness To Provide an Additional Order Type Which Will Give Options Participants Greater Control Over the Circumstances in Which Their Orders Are Executed) (BX-2010-065). See also BOX Informational Circular IC-2010-005 (New Order Duration Type – Session Order) available on the BOX website here: http://boxexchange.com/f_circulars/BOX_Informational_Circular_2010-005_Session_Order.pdf.

system error in which it is unable to process open orders while in possession of the Session Order. Upon the occurrence of a Triggering Event, Session Orders within the affected BOX system are cancelled.

Currently, Rule 7110(e)(1)(iii)(C) provides certain exceptions to the cancellation of Session Orders. Specifically, the rule provides that a Session Order will not be cancelled and shall remain active in the BOX market if the order is in one of the following BOX system processes when a Triggering Event occurs:

- (1) The order is being exposed to the BOX market pursuant to Rule 7130(b);
- (2) The order is a Directed Order to which the Executing Participant has not yet responded pursuant to Rule 8040(d)(2);
- (3) The order has been routed to an away exchange pursuant to Rule 15030.

Exchange Rule 15030 provides that certain orders that are specifically designated by Options Participants as eligible for routing will be routed to an Away Exchange (“Eligible Orders”). If BOX cannot execute or book an Eligible Order, then it will route the Eligible Order to an Away Exchange on behalf of the Options Participant who submitted the Eligible Order through a third-party broker dealer. The full quantity of an Eligible Order is routed to one or more Away Exchange(s) as Immediate or Cancel limit order(s) priced at the current NBBO. If the Eligible Order routed away is not executed in its entirety at the Away Exchange(s) and its limit price is reached, then it is returned to BOX.

A technology system upgrade will now allow BOX to cancel any remaining quantity of a Session Order if a Triggering Event occurs while the order has been routed away, received a partial execution, and is returned to BOX by the away exchange. As such, the Exchange is proposing to add a provision to Rule 7110(e)(1)(iii)(C)(3). Upon

the effectiveness of this proposed rule change, BOX will inform Options Participants via Information Circular about the implementation date of this change in the manner in which certain Session Orders are handled when they have been routed to an away exchange.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁵ in general, and Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to remove impediments to and perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, the Exchange believes that this proposed rule change will benefit the marketplace and protect investors because, consistent with the purpose of Session Orders, it will further reduce the risk of erroneous or stale orders on BOX in the event that an Options Participant loses connectivity with the BOX system. Furthermore, Session Orders are intended to provide for the protection of Options Participants and their customers, who must bear the burden of market risk for stale orders caused by circumstances outside of their control. The additional provision to the exception to provide for when a Triggering Event occurs while a Session Order has been routed to an away exchange, so that any remaining quantity that might be returned to BOX will be cancelled, is consistent with the purpose of the Session Order, and would further provide for the protection of investors and the efficiency and fairness of the market. As such, the Exchange believes the proposed change is consistent with the Act.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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.

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

This proposed rule change is filed pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act⁷ and Rule 19b-4(f)(6) thereunder.⁸ This proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.⁹

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.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

⁹ As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change along with a brief description and the 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.

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-2012-019 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-2012-019. 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; 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–2012-019 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.¹⁰

Kevin M. O'Neill
Deputy Secretary

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¹⁰ 17 CFR 200.30-3(a)(12).