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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78428; File No. SR-BOX-2016-36)

July 27, 2016

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule on the BOX Market LLC (“BOX”) Options Facility

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 July 25, 2016, 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 Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Fee Schedule to adjust the fee assessed in Section IV (Eligible Orders Routed to an Away Exchange) on the BOX Market LLC (“BOX”) options facility. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on August 1, 2016. The text of the proposed rule change is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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 Exchange 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 Exchange 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 proposes to amend the Fee Schedule for trading on BOX to adjust the fee assessed in Section IV (Eligible Orders Routed to an Away Exchange) of the BOX Fee Schedule. Specifically, the Exchange proposes to increase the \$0.50 per contract routing fee to \$0.60.

Currently, BOX uses third-party broker-dealers to route orders to other exchanges and incurs charges for each order routed to and executed at an away market, in addition to the transaction fees charged by other exchanges. To offset the fees charged to the Exchange for orders routed to other exchanges, the Exchange charges a \$0.50 per contract fee for customer accounts. However, the Exchange charges no fee for non-Professional, Public Customer Directed Orders when: (i) less than 45% of a Participant's monthly executions for such orders are routed to and executed at an Away Exchange; and (ii) 33% or more of a Participant's monthly executions for such orders occur through the PIP. In an effort to continue to offer routing services to its Participants at prices that approximate the cost to the Exchange, the

Exchange is proposing to increase the routing fee to \$0.60 per contract from \$0.50 per contract for customer accounts.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

The Exchange generally attempts to approximate the cost of routing to other options exchanges, including other applicable costs to the Exchange for routing. The Exchange believes that the proposed fee change which is based on approximate Routing Costs is a reasonable, equitable and not unfairly discriminatory approach to pricing. Specifically, the Exchange believes that its proposal to moderately increase the routing fee is fair, equitable and reasonable because the fee is generally an approximation of the cost to the Exchange for routing orders to such exchanges. Further, the Exchange believes that the proposed fee is reasonable and appropriate as it is in line with what is currently charged by the industry.⁶ Accordingly, the Exchange believes that the proposed increases [sic] are reasonable, equitable and not unfairly discriminatory because they will help the Exchange to avoid subsidizing routing to away options

⁵ 15 U.S.C. 78f(b)(4) and (5).

⁶ See Miami International Securities Exchange LLC (“MIAX”) Fee Schedule Section (1)(C) and NASDAQ Options Market (“NOM”) Fees and Rebates Section (2)3. On MIAX and NOM, the general range of fees for orders routed to away exchanges is between \$0.10 and \$0.99, with the \$0.99 fee being assessed to Non-Customers.

exchanges and to continue providing quality routing services. The Exchange believes that its fee for orders routed to various venues is a reasonable approach to pricing, as it provides certainty with respect to execution fees at away options exchanges. As a general matter, the Exchange believes that the proposed fee will allow it to recoup and cover its costs of providing routing services to away exchanges. The Exchange notes that routing through the Exchange is voluntary. The Exchange also believes that the proposed fee for orders routed to and executed at away options exchanges is fair and equitable and not unreasonably discriminatory in that it applies equally to all Participants.

The Exchange reiterates that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive or providers of routing services if they deem fee levels to be excessive. Finally, the Exchange notes that it constantly evaluates its routing fees, including profit and loss attributable to routing and would consider future adjustments to the proposed fee to the extent it was recouping a significant profit or loss from routing to away options exchanges.

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. As it relates to the proposed change to the routing fee, the proposed change will assist the Exchange in recouping costs for routing orders to other options exchanges on behalf of its Participants in a manner that is a better approximation of actual costs than is currently in place and that reflects pricing changes by various options exchanges as well as increases to other Routing Costs

incurred by the Exchange. The Exchange also notes that Participants may choose to designate their orders as ineligible for routing to avoid incurring routing fees.⁷

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act⁸ and Rule 19b-4(f)(2) thereunder,⁹ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further 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

⁷ See BOX Rule 15030 (describing the routing process, which requires orders to be designated as eligible for routing).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BOX-2016-36 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BOX-2016-36. 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-2016-36, 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.¹⁰

Robert W. Errett
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

