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SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-79486; File No. SR-BOX-2016-54]

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  
December 6, 2016

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 23, 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,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 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 December 1, 2016. The text of the proposed rule change is

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 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 amend Section IV. of the BOX Fee Schedule, Eligible Orders Routed to an Away Exchange.

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 \$0.60 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 Participants' monthly executions for such orders are routed to and executed at an Away Exchange; and (ii) 33% or more of a Participants' monthly executions for such orders occur through the PIP.<sup>5</sup>

The Exchange is now proposing to amend Section IV of the BOX Fee Schedule. Specifically, the Exchange proposes to delete the exception to Section IV which does not charge non-Professional, Public Customer Directed orders as discussed above.

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<sup>5</sup> See Securities Exchange Act Release No. 68149 (November 5, 2012), 77 FR 67693 (November 13, 2012)(Notice of Filing and Immediate Effectiveness SR-BOX-2012-017).

## 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,<sup>6</sup> 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.

BOX believes that proposed changes to Section IV of the BOX Fee Schedule are reasonable, equitable and not unfairly discriminatory. Presently, the Exchange charges customer accounts \$0.60 per contract executed on away exchanges and exempts non-Professional, Public Customer accounts from the routing fee for orders received by BOX via Directed Order when certain execution thresholds are met. The Exchange notes that it is not proposing to change the fee amount. The Exchange believes that the current fee amount is reasonable and appropriate as it is in line with what is currently charged by the industry.<sup>7</sup> Additionally, the Exchange believes the proposed changes are equitable and not unfairly discriminatory, as the routing fee will now apply to all customer orders routed away from the Exchange. The Exchange notes that no other exchanges make this routing fee distinction based on execution thresholds as discussed above.<sup>8</sup> Therefore, the Exchange believes that the proposed changes will simplify the Fee Schedule resulting in less investor confusion.

The Exchange notes that it operates in a highly competitive market in which market

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<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>7</sup> See International Securities Exchange (“ISE”) Fee Schedule Section IV (f). The Exchange notes that ISE charges the same fee for Market Makers, Non-ISE Market Makers, Broker Dealers/Firm Proprietaries, and Professional Customers. Priority Customers, however, are assessed a lower fee. BOX proposes to assess the same per contract fee for all account types. See also NYSE Arca (“Arca”) Fee Schedule.

<sup>8</sup> Id.

participants can readily direct order flow to competing venues 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 routing 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.

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 Act<sup>9</sup> and Rule 19b-4(f)(2) thereunder,<sup>10</sup> 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.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2016-54 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-2016-54. 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-2016-54, 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.<sup>11</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

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