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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-79900; File No. SR-BOX-2017-06)

January 30, 2017

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 7150 (The Price Improvement Period (“PIP”))

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 January 18, 2017, BOX Options Exchange LLC (the “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 amend Rule 7150 (The Price Improvement Period (“PIP”)). 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rule 7150 (The Price Improvement Period (“PIP”)) to provide that if at the start of the auction the quoted NBBO spread is less than or equal to a \$0.01, only PIP Orders for less than 50 contracts will be rejected.

The Exchange recently filed to amend the BOX Rules to make permanent the pilot programs that permit the Exchange to have no minimum size requirement for orders entered into the PIP (“PIP Pilot Program”) and COPIP (“COPIP Pilot Program”), collectively known as the (“Programs”).³ As part of this filing, BOX also modified the requirements for the PIP to specify where the National Best Bid and Offer (“NBBO”) spread is less than equal to \$0.01, the PIP Order and corresponding Primary Improvement Order will be rejected.

The Exchange now proposes to modify the requirements of the PIP to specify where the NBBO spread is less than or equal to \$0.01; only PIP Orders for less than 50 contracts will be rejected. This is a competitive filing based on the price improvement auction proposed rules of the Miami International Securities Exchange, LLC (“MIAX”).⁴ Specifically, under MIAX Rule 515A(a)(1)(iii), with respect to Agency Orders that have a size of less than 50 contracts, if at the receipt of the Agency Order, the NBBO has a bid/ask differential of \$0.01, the System will reject

³ See Securities Exchange Act Release No. 79531 (December 12, 2016), 81 FR 91227 (December 16, 2016) (SR-BOX-2016-58).

⁴ See Securities Exchange Act Release No. 79500 (December 7, 2016), 81 FR 90030 (December 13, 2016). See also MIAX Rule 515A.(a)(1)(iii).

the Agency Order. Further, Agency Orders with a size of under 50 contracts will be accepted and processed by the MIAX System when the NBBO bid/ask differential is greater than \$0.01.

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 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 proposed rule change will allow PIP auctions of 50 or more contracts to continue without restriction on NBBO spread. The Exchange believes this removes impediments to and better provides for a free and open market. As such, BOX believes the proposed rule change is in the public interest, and therefore, consistent with the Act. The Exchange also notes that the proposal would provide increased opportunities for increased price improvements for these types of orders which will benefit market participants engaging in the PIP auctions.

Additionally, as set forth above, the Exchange believes this proposed change is reasonable and appropriate as it is based on the rules of another exchange.⁷

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. To the contrary, the proposal is pro-competitive because it will enable the Exchange to better compete with another

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ See supra note 4.

options exchange that allows PIP Orders of more than 50 contracts to trade when the NBBO spread is \$0.01 or less.⁸

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 Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange requests that the Commission waive the 30-day operative delay so that the changes can be implemented immediately. The Exchange states that waiver of the operative delay is consistent with the protection of investors and the public interest because it will promote fair competition among the exchanges by allowing the Exchange to adjust the PIP rules to provide that if at the start of the auction the quoted NBBO

⁸ Id.

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 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 Commission deems this requirement to have been met.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

spread is less than or equal to a \$0.01, only PIP Orders for less than 50 contracts will be rejected. The Exchange also states that the proposed rule change is substantially similar to the rules in place at another options exchange.¹² For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission designates the proposed rule change operative upon filing.¹³

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. 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 Number SR-BOX-2017-06 on the subject line.

¹² See supra note 4.

¹³ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2017-06. 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, on official business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street, NE, Washington, DC 20549. 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-2017-06 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.¹⁴

Eduardo A. Aleman
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

