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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-81615; File No. SR-BOX-2017-30]

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
September 14, 2017.

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 September 1, 2017, 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 on the BOX Market LLC (“BOX”) options facility. 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>.

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).

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. Specifically, the Exchange proposes to 1) amend the BOX Volume Rebate ("BVR") in Section I.B.2; 2) modify the fees and rebate for Qualified Contingent Cross⁵ ("QCC") Transactions in Section I.D.; and 3) make a clarifying change to in [sic] a footnote regarding the definition of "Broker Dealer facilitating a Public Customer" in Section II (Manual Transactions).

BVR

First, the Exchange proposes to adjust a rebate within the BVR. Under the BVR, the Exchange offers a tiered per contract rebate for all Public Customer PIP Orders and COPIP Orders of 100 and under contracts that do not trade solely with their contra order. Percentage thresholds are calculated on a monthly basis by totaling the Participant's PIP and COPIP volume submitted to BOX, relative to the total national Customer volume in multiply-listed options

⁵ A QCC Order is an originating order (Agency Order) to buy or sell at least 1,000 standard option contracts, or 10,000 mini-option contracts, that is identified as being part of a qualified contingent trade, coupled with a contra side order to buy or sell an equal number of contracts.

classes. The Exchange proposes to raise the rebate for COPIP Orders in Tier 4 from \$0.06 to \$0.08. The Exchange notes that it is not proposing any changes to the percentage thresholds within the BVR. The quantity submitted will continue to be calculated on a monthly basis by totaling the Participant's PIP and COPIP volume submitted to BOX, relative to the total national Customer volume in multiply-listed options classes.

The Exchange also proposes to amend the BVR to remove the flat \$0.03 rebate for those Public Customer COPIP Orders of 100 and under contracts that trade solely with their contra order. Public Customer PIP Orders of 100 and under contracts that trade solely with their contra order will continue to receive a \$0.03 rebate per contract, regardless of tier.

QCC Transactions

The Exchange then proposes to amend the QCC Transaction fees and rebate. Specifically, the Exchange proposes to decrease the fees for all non-Public Customer (Professional Customers, Broker Dealers and Market Makers) QCC Orders from \$0.20 to \$0.17 per contract side.⁶ In addition, the Exchange proposes to decrease the QCC Rebate from \$0.15 to \$0.14 per contract.

Manual Transaction Fees

Finally, the Exchange also proposes to amend the footnote that defines a "Broker Dealer facilitating a Public Customer" in Section II (Manual Transactions) to clarify that the "Broker Dealer facilitating a Public Customer" account type and applicable fees will be applied, regardless of if the Broker Dealer clears in the customer range, or clears as a Broker Dealer. To do this, the Exchange proposes to amend the definition to state that a "Broker Dealer facilitating a Public Customer" applies to any Manual transaction executed using the open outcry process

⁶ The Exchange notes that no changes will be made to Public Customer QCC Order fees.

involving Broker Dealer that has a Public Customer of that same Broker Dealer on the contra side of the transaction, or where the Broker Dealer and the Public Customer both clear through the same clearing firm and the Broker Dealer clears in the customer range. The additional language is intended to eliminate any potential for investor confusion with regard to the definition of “Broker Dealer facilitating a Public Customer.” A Broker Dealer who facilitates a Public Customer QOO Order for submission to the BOX Trading Floor will be eligible for this account type and applicable fee of \$0.00, regardless of if the Broker Dealer cleared solely as a Broker Dealer or a Broker Dealer/Customer. The Exchange notes that clarifying language is substantially similar with the language at another exchange with an open outcry trading floor.⁷

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,⁸ 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.

BVR

The Exchange believes the proposed amendments to the BVR in Section I.B.2 of the BOX Fee Schedule are reasonable, equitable and not unfairly discriminatory. The BVR was adopted to attract Public Customer order flow to the Exchange by offering these Participants incentives to submit their Public Customer PIP and COPIP Orders to the Exchange and the

⁷ See NYSE Arca, Inc (“Arca”) Fee Schedule. The Exchange notes, however, that Arca’s similar language includes reference to “Firm Facilitation.” Because BOX does not use or define the term “Firm” within the Fee Schedule and instead uses the term Broker Dealer, BOX does not intend to include “Firm Facilitation” within this definition.

⁸ 15 U.S.C. 78f(b)(4) and (5).

Exchange believes it is appropriate to now amend the BVR. The Exchange believes it is equitable and not unfairly discriminatory to amend the COPIP Rebate in Tier 4 of the BVR, as all Participants have the ability to qualify for a rebate, and rebates are provided equally to qualifying Participants. Other exchanges employ similar incentive programs;⁹ and the Exchange believes that the proposed rebate change is reasonable and competitive when compared to rebate for the PIP in Tier 4 of the BVR and the rebates on other exchanges.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to no longer apply a flat \$0.03 rebate to Public Customer COPIP Orders that trade solely with their contra order. As stated above, the BVR is intended to incentivize Participants to direct Customer order flow to the Exchange, and the Exchange believes unlike Public Customer PIP Orders, an incentive is not necessary for internalized Public Customer COPIP Orders that only trade against their contra order. The Exchange believes it is equitable and not unfairly discriminatory as all internalized Public Customer COPIP Orders will no longer receive a rebate. Additionally, other Exchanges also make this distinction when providing rebates for transactions in their complex order auction mechanisms.¹⁰

QCC

The Exchange believes that the proposed amendments to the QCC Order fees are reasonable, as they are in line with the amount assessed at another Exchange for similar

⁹ See Section B of the PHLX Pricing Schedule entitled “Customer Rebate Program;” ISE Gemini’s Qualifying Tier Thresholds (page 6 of the ISE Gemini Fee Schedule); and CBOE’s Volume Incentive Program (VIP).

¹⁰ See the International Securities Exchange (“ISE”) Fee Schedule, Complex Order Fees and Rebates on page 9. Under the ISE Fee Schedule the initiator receives a “break-up” rebate only for contracts that are submitted to their auction mechanism that do not trade with their contra order.

transactions.¹¹ Further, the Exchange believes that charging Professional Customers and Broker Dealers and Market Makers more than Public Customers for QCC Orders is reasonable, equitable and not unfairly discriminatory. The securities markets generally, and BOX in particular, have historically aimed to improve markets for investors and develop various features within the market structure for Public Customer benefit. The Exchange believes that continuing to charge no fees to Public Customers in QCC transactions is reasonable and, ultimately, will benefit all Participants trading on the Exchange by attracting Public Customer order flow.

The Exchange believes the proposed QCC Rebate for the originating side of the QCC transaction is reasonable, as it is in line with other competing exchanges that also provide a rebate on the originating side of a QCC Order.¹² The Exchange believes the proposed rebate is equitable and not unfairly discriminatory because it potentially applies to all Participants that enter the originating order (except for when both the agency order and contra-side orders are Public Customers) and because it is intended to incentivize the sending of more QCC Orders to the Exchange. The Exchange believes it is reasonable, equitable and not unfairly discriminatory to not provide a rebate for the originating order for QCC transactions when both the originating order and contra side orders are from Public Customers, since Public Customers are already incentivized by having no transaction fee for QCC Orders.

Manual Transactions

Lastly, the Exchange believes that amending the language with regard to the definition of “Broker Dealer facilitating a Public Customer” is reasonable, equitable and not unfairly discriminatory, as it intended to clarify that a “Broker Dealer facilitating a Public Customer”

¹¹ See CBOE Fee Schedule. CBOE charges non-Public Customers \$0.17 per contract and does not charge Public Customers.

¹² CBOE and the Miami International Securities Exchange LLX (“MIAX”) offer a \$0.10 per contract credit or rebate paid on the initiating side of the QCC transaction.

applies to any Manual transaction executed using the open outcry process involving a Broker Dealer that has a Public Customer of that same Broker Dealer on the contra side of the transaction, or where the Broker Dealer and the Public Customer both clear through the same clearing firm and the Broker Dealer clears in the customer range. The wording of the previous definition unintentionally restricted the definition of “Broker Dealer facilitating a Public Customer” to those Broker Dealers clearing in the customer range. The Exchange is now proposing to clarify that the account type will apply regardless of how the Broker Dealer clears. The Exchange believes the proposed change is reasonable as it is substantially similar to the definition “Broker Dealer facilitating a Public Customer” account type found on another exchange with an open outcry trading floor.¹³ Further, the Exchange believes the proposed language is equitable and not unfairly discriminatory as it seeks to clarify that “Broker Dealer facilitating a Public Customer” does not only apply to Broker Dealers who clear in the customer range.

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. The proposed rule change amends the BVR to raise a rebate and no longer apply a rebate when the COPIP Order only trades with its contra order. The Exchange does not believe that the proposed changes burden competition and will instead help promote competition by providing additional incentives for market participants to submit customer order flow to BOX and thus, create a greater opportunity for retail customers to receive additional price improvement.

¹³ See supra note 7.

The Exchange believes this proposal will not cause unnecessary burden on intermarket competition because the proposed changes will actually enhance the competitiveness of the Exchange relative to other exchanges which offer comparable fees and rebates for QCC transactions. To the extent that the proposed changes make the Exchange a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become market participants on the Exchange.

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 Act¹⁴ and Rule 19b-4(f)(2) thereunder,¹⁵ 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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁵ 17 CFR 240.19b-4(f)(2).

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-2017-30 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-2017-30. 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-2017-30, 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).

