



8011-01
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83895; File No. SR-BOX-2018-27)

August 21, 2018

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make a Number of Non-substantive Changes to the Rulebook

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 August 10, 2018, 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 make a number of non-substantive changes to the rulebook. 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://boxoptions.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 Exchange is proposing to make a number of non-substantive changes to the rulebook. Currently, the Exchange's rulebook is singularly focused on the trading of options. The Exchange is now proposing to amend certain sections of the rulebook that do not specifically apply to the trading of options in order to provide broader rules that apply to Participants of the Exchange in general.³ The Exchange believes these changes are necessary to provide the Exchange with greater flexibility.

First, the Exchange is proposing to amend the definitions of "Options Participant" and "Participant" in Rule 100(a)(41). Specifically, the Exchange is proposing to amend the definitions in order to cover Participants of the Exchange regardless of whether they participate in the trading of options. Additionally, the Exchange is proposing that the definition clarify that Participants register with the Exchange for purposes of participating in trading on "a facility of the Exchange."⁴ The Exchange notes that another options exchange uses similar non-options specific language.⁵

Next, the Exchange is replacing the term "Options Participant" with "Participant" in a number of rules as outlined below. Certain Exchange rules are not options specific and

³ For example, Exchange rules dealing with membership apply to all Participants of the Exchange as opposed to rules related to trading on BOX, which is product-specific.

⁴ BOX is an options trading facility of the Exchange.

⁵ See Nasdaq ISE Rule 100(a)(30) defining a Member as an organization that has been approved to exercise trading rights associated with Exchange Rights.

therefore the Exchange believes it is appropriate to replace “Options Participant” with “Participant” to provide more general coverage. The proposed change will clarify that these Exchange rules apply to Participants of the Exchange regardless of whether they participate in the trading of options.⁶

The Exchange proposes to amend its rules as it relates to usage of the term “Options Participant” as follows:

- The Exchange proposes to replace “Options Participant” with “Participant” in Rule 100(a)(4) which defines associated person or a person associated with a Participant.
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rule 1060 (Exchange’s Cost of Defending Legal Proceedings).⁷
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 2000 (Right, Privileges, and Duties of Options Participants), 2010 (Obligations of Options Participants, BOX and the Exchange), 2020 (Participant Eligibility and Registration), 2040 (Restrictions), IM-2040-1, 2050 (Application Procedures for Options Participants or to become an Associated Person of a Participant), 2060 (Revocation of Options Participant Status or Association with a Participant), 2070 (Voluntary Termination of Rights as an Options Participant), 2080 (Dues, Assessments and Other Charges), and 2090 (Affiliation between Exchange and an Options Participant).⁸
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 3000 (Just and Equitable Principles of Trade), IM-3000-1, 3010 (Adherence to Law), 3020 (Sharing Offices and Wire Connections), 3040 (False Statements), 3050 (Manipulation), 3060 (Gratuities), 3070 (Conduct and Compliance with the Rules), 3080 (Rumors), 3090 (Prevention of the Misuse of Material Nonpublic Information), 3100 (Disciplinary Action by Other Organizations), 3110 (Other Restrictions on Participants), 3180 (Mandatory Systems Testing), and 3220 (Disruptive Quoting and Trading Activity Prohibited).⁹

⁶ The Exchange notes that the Options facility is the only facility of the Exchange. If the Exchange decides trade other products it will first file a proposal with the Commission.

⁷ See proposed changes to Rule 1060(a).

⁸ See proposed changes to Rules 2000, 2010, 2020(a), 2040(a), 2040(f), IM-2040-1, 2050(a)-(e), and (g), 2060, 2070, 2080, 2090. The Exchange notes that is also replacing “Options Participant” with “Participant” in the titles of rules 2050, 2060, 2070, and 2090.

⁹ See proposed changes to Rules 3000(a), IM-3000-1, 3010, 3020, 3040, 3050(a) and (b), 3060, 3070(a), 3080, 3090(a), and (c)-(e), 3100, 3110, 3180(a)-(c), 3220(a).

- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 4160 (Transfer of Accounts), 4190 (Public Customer Complaints), and 4200 (Telephone Solicitation).¹⁰
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 10000 (Maintenance, Retention and Furnishing of Books, Records and Other Information), 10020 (Financial Reports), 10030 (Audits), 10040 (Automated Submission of Trade Data), 10050 (Regulatory Cooperation), and 10070 (Anti-Money Laundering Compliance Program).¹¹
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 10200 (Minimum Requirements), 10210 (Early Warning” Notification Requirements), and 10220 (Power of CRO to Impose Restrictions).¹²
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 11000 (Imposition of Suspension), 11010 (Investigation Following Suspension), 11020 (Reinstatement), and 11040 (Termination of Rights by Suspension).¹³
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rules 12000 (Disciplinary Jurisdiction), 12010 (Requirement to Furnish Information), 12020 (Investigation), 12030 (Letters of Consent), 12040 (Charges), 12060 (Hearing), 12110 (Judgement and Sanction), 12120 (Procedural Matters), and Rule 12160 (Expedited Suspension Provision).¹⁴
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rule 13000 (Scope of Series).¹⁵
- The Exchange is proposing to replace “Options Participant” with “Participant” in Rule 14000 (Arbitration).¹⁶

Lastly, the Exchange is proposing to amend Rule 2040(e)(3). Specifically, the Exchange proposes to remove the term “BOX” and replace it with “a facility of the Exchange.” The

¹⁰ See proposed changes to Rules 4160(a), 4160(h), 4160(i), 4190(c) and (d), 4200(c) and (d).

¹¹ See proposed changes to Rules 10000(a)-(c), 10020, 10030(a)-(c), 10040(a)-(d), 10050(c) and (d), 10070(a) and (b).

¹² See proposed changes to Rules 10200, 10210, 10220.

¹³ See proposed changes to Rules 11000(a) and (b), 11010(a) and (b), 11020(a) and (c), 11040.

¹⁴ See proposed changes to Rules 12000(a)-(c), 12010(a), 12020, 12030(a), 12040(a), 12060(b), (e) and (f), 12110(a),(c) and (d), 12120(a), 12160(a).

¹⁵ See proposed changes to Rule 13000.

¹⁶ See proposed changes to Rule 14000(b), (c) and (e).

Exchange notes that BOX is a facility of the Exchange and therefore the Exchange is not proposing to substantively change the rule.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),¹⁷ in general, and Section 6(b)(5) of the Act,¹⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange’s rulebook. The Exchange believes that the proposed rule change enables the Exchange to continue to enforce the Exchange’s rules. The Exchange believes that none of the proposed changes discussed herein alter the application of any rules. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. Further, the Exchange believes that, by ensuring the rulebook accurately reflects the intention of the Exchange’s rules, the proposed rule change reduces potential investor or market participant confusion.

B. Self-Regulatory Organization's Statement on Burden on Competition

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

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. In this regard and as indicated above, the Exchange notes that the proposed changes will not alter any of the Exchange's rules. Therefore, the proposed changes will have no impact on competition as they are not designed to address any competitive issues but rather are designed to make non-substantive changes.

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 rule 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 if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given 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,¹⁹ the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6) thereunder.²¹

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

¹⁹ The Exchange has fulfilled this requirement.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

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-2018-27 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-2018-27. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2018-27 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.²²

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Assistant Secretary

²² 17 CFR 200.30-3(a)(12).

