

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74267; File No. SR-BOX-2015-009)

February 12, 2015

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding the Acceptance of the Transfer, by Citadel Securities LLC (“Citadel Securities”) to Its Affiliate, Citadel Securities Principal Investments LLC, of Citadel Securities’ ownership interest in BOX Options Exchange LLC and BOX Holdings Group LLC, an affiliate of the Exchange

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 29, 2015, 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 accept the transfer, by Citadel Securities LLC (“Citadel Securities”) to its affiliate, Citadel Securities Principal Investments LLC, a Delaware limited liability company (“CSPI”), of Citadel Securities’ ownership interest in the Exchange and BOX Holdings Group LLC, an affiliate of the Exchange (“BOX Holdings”). 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.

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 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 a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. The Exchange’s charter is a Limited Liability Company Agreement, dated as of May 10, 2012 (the “Exchange LLC Agreement”). Citadel Securities is a Member of the Exchange.

BOX Holdings is a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. BOX Holdings is the sole owner of BOX Market LLC, a facility of the Exchange. The BOX Holdings charter is a Limited Liability Company Agreement, dated as of May 10, 2012 (the “Holdings LLC Agreement”). Citadel Securities is a Member of the Exchange.

Citadel Securities is a limited liability company organized under the laws of the State of Delaware. Citadel Securities is a wholly-owned subsidiary of CLP Holdings Three LLC, a limited liability company organized under the laws of the State of Delaware (“Citadel Parent” and, collectively with Citadel Securities and CSPI, “Citadel”). CSPI, like Citadel Securities, is also a wholly-owned subsidiary of Citadel Parent.

Citadel Securities currently holds 6,445 Economic Units and 12,855 Voting Units of the Exchange, representing 6.455% of the outstanding Economic Units and 12.855% of the outstanding Voting Units of the Exchange, respectively (the “Exchange Units”). Citadel Securities also currently holds 500 Class A Units of BOX Holdings, representing 4.203% of the outstanding Units of BOX Holdings (the “Holdings Units” and, together with the Exchange Units, the “Citadel Units”).

Citadel has informed the Exchange that, for its own internal business purposes, it desires to restructure its holdings of assets including all of the Citadel Units. Accordingly, it is proposed that Citadel Securities transfer all of the Citadel Units to CSPI (the “Transfer”). After the Transfer, Citadel Parent will remain the sole owner of CSPI, the Citadel entity holding the Citadel Units, and CSPI will then hold all of the Citadel Units.

As provided in Section 7.1(c) of the Exchange LLC Agreement, “a Person shall be admitted to the Exchange as an additional or substitute Member of the Exchange, if such Person is not already a Member, only upon (i) such Person’s execution of a counterpart of this Agreement to evidence its written acceptance of the terms and provisions of this Agreement, and acceptance by the affirmative vote of Members holding a majority of the Voting Percentage Interest, which vote may be given or withheld in the sole discretion of each such voting Member, (ii) if such Person is a transferee, its agreement in writing to its assumption of the obligations hereunder of its assignor, and acceptance thereof by the affirmative vote of Members holding a majority of the Voting Percentage Interest, which vote may be given or withheld in the sole discretion of each such voting Member and (iii) if such Person is a transferee, a determination by the Board that the Transfer was permitted by this Agreement.” In addition, as provided in Section 18.1 of the Exchange LLC Agreement, the Exchange LLC Agreement “may only be

changed, amended or supplemented by an agreement in writing that is approved by the affirmative vote of Members holding at least a majority of the Voting Percentage Interest³ without the consent of any Member or other Person.”

Upon the effectiveness of the Transfer, CSPI proposes to become a Member of the Exchange. Accordingly, in connection with the Transfer, CSPI will execute an Instrument of Accession to the Exchange LLC Agreement substantially in the form set forth in Exhibit 5 hereto (the “Exchange Instrument of Accession”). By executing and delivering the Exchange Instrument of Accession and obtaining the acceptance and approval of Members and the determination of the Board described above, CSPI will fulfill the requirements described in Sections 7.1(c) and 18.1 of the Exchange LLC Agreement in connection with the Transfer. The Exchange proposes to replace references to Citadel Securities in the Exchange LLC Agreement with references to CSPI in connection with the Transfer.

As provided in Section 7.1(b) of the Holdings LLC Agreement, “a Person shall be admitted to BOX Holdings as an additional or substitute Member of BOX Holdings, if such Person is not already a Member, only upon (i) such Person’s execution of a counterpart of this Agreement to evidence its written acceptance of the terms and provisions of this Agreement, and acceptance thereof by resolution of the Board, which acceptance may be given or withheld in the sole discretion of the Board, (ii) if such Person is a transferee, its agreement in writing to its assumption of the obligations hereunder of its assignor, and acceptance thereof by resolution of the Board, which acceptance may be given or withheld in the sole discretion of the Board, (iii) if such Person is a transferee, a determination by the Board that the Transfer was permitted by this

³ “Voting Percentage Interest” as defined in Section 1.1 of the Exchange LLC Agreement means, with respect to each Member, “the ratio of the number of Voting Units held by the Member, directly or indirectly, of record or beneficially, to the total of all of the issued and outstanding Voting Units held by Members, expressed as a percentage.”

Agreement, and (iv) approval of the Board.” In addition, as provided in Section 18.1 of the Exchange LLC Agreement, the Exchange LLC Agreement “may only be changed, amended or supplemented by an agreement in writing that is approved by Directors holding a majority of the Total Votes⁴ without the consent of any Member or other Person.”

Upon the effectiveness of the Transfer, CSPI proposes to become a Member of BOX Holdings. Accordingly, in connection with the Transfer, CSPI will execute an Instrument of Accession to the Holdings LLC Agreement substantially in the form set forth in Exhibit 5 hereto (the “Holdings Instrument of Accession”). By executing and delivering the Holdings Instrument of Accession and obtaining the acceptance, determination and approval of the Board described above, CSPI will fulfill the requirements described in Sections 7.1(b) and 18.1 of the Holdings LLC Agreement in connection with the Transfer. BOX Holdings proposes to replace references to Citadel Securities in the Holdings LLC Agreement with references to CSPI in connection with the Transfer.

For the reasons stated above, the Exchange is submitting to the Commission the proposed Instruments of Accession to the Exchange LLC Agreement and the Holdings LLC Agreement as a rule change.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b)

⁴ “Total Votes” means a total of 100 votes available to be voted on any action to be taken by the Board. As provided in Section 4.3(a) of the Holdings LLC Agreement, each Director “shall be entitled to vote that percentage of the Total Votes equal to the quotient obtained by dividing (i) the quotient of (A) the number of Units held by the Member that designated such Director (if applicable, rounded down to the nearest whole Unit) divided by (B) the aggregate number of Units held by all Members that designated Directors by (ii) the number of Directors designated by such Member.”

of the Act,⁵ in general, and furthers the objectives of Section 6(b)(1),⁶ in particular, in that it enables the Exchange to be so organized so as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act⁷ in that it is designed to facilitate transactions in securities, 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 regulating, clearing, settling, processing information with respect to, and 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.

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ Because the proposed rule change does not: (i)

⁵ 15 U.S.C. 78f(b)

⁶ 15 U.S.C. 78f(b)(5)

⁷ 15 U.S.C. 78f(b)(5)

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).

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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) 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) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay because the Transfer is intended to be completed in less than 30 days. The Exchange notes that the Commission has previously waived the operative delay for similar filings.¹¹ Based on the foregoing, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.¹² The Commission hereby grants the Exchange's request and designates the proposal operative upon filing.

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

¹⁰ In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of 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 has waived the 5-day prefiling requirement in this case.

¹¹ See Securities Exchange Act Release Nos. 58445 (August 29, 2008), 73 FR 52434 (September 9, 2008)(SR-BSE-2008-43); 58445A (September 10, 2008), 73 FR 53469 (September 16, 2008)(SR-BSE-2008-43; Correction); 57260 (February 1, 2008), 73 FR 7617 (February 8, 2008)(SR-BSE-2008-06); 57713 (April 25, 2008), 73 FR 24327 (May 2, 2008)(SR-BSE-2008-28); and 62400 (June 29, 2010), 75 FR 39299 (July 8, 2010)(SR-BX-2010-042).

¹² For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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- SR-BOX-2015-009 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-2015-009. 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 the 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-2015-009 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.¹³

Brent J. Fields
Secretary

¹³ 17 CFR 200.30-3(a)(12).