

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-77055; File No. SR-BOX-2016-02)

February 4, 2016

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule to Lower Certain Fees for Non-Auction Transactions on the BOX Market LLC (“BOX”) Options Facility

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 January 27, 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,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 to lower certain fees for Non-Auction transactions 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 February 1, 2016. The text of the proposed rule change is available from the

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).

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 make changes to Section I.A. of the BOX Fee Schedule, Exchange Fees for Non-Auction Transactions.

Specifically, the Exchange proposes to amend certain fees in the pricing model outlined in Section I.A. (Non-Auction Transactions).⁵ In this section, fees and credits are assessed depending on upon three factors: (i) the account type of the Participant submitting the order; (ii) whether the Participant is a liquidity provider or liquidity taker; and (iii) the account type of the contra party. Non-Auction Transactions in Penny Pilot Classes are assessed different fees or credits than Non-Auction Transactions in Non-Penny Pilot Classes.

Specifically, the Exchange proposes to reduce the Taker fees for Professional Customers, Broker Dealers and Market Makers interacting with Public Customers in Penny Pilot Classes. The fee for Professional Customers and Broker Dealers taking liquidity against Public Customers

⁵ Non-Auction Transactions are those transactions executed on the BOX Book.

will be lowered to \$0.50 from \$0.64 and the fee for Market Makers taking liquidity against Public Customers will be lowered to \$0.50 from \$0.55.

These transactions will remain exempt from the Liquidity Fees and Credits outlined in Section II of the BOX Fee Schedule. The revised fee structure for Non-Auction Transactions will be as follows:

		Penny Pilot Classes		Non-Penny Pilot Classes	
Account Type	Contra Party	Maker Fee	Taker Fee	Maker Fee	Taker Fee
Public Customer	Public Customer	\$0.00	\$0.00	\$0.00	\$0.00
	Professional Customer/ Broker Dealer	\$0.00	\$0.00	\$0.00	\$0.00
	Market Maker	\$0.00	\$0.00	\$0.00	\$0.00
Professional Customer or Broker Dealer	Public Customer	\$0.60	\$0.50	\$0.95	\$1.07
	Professional Customer/ Broker Dealer	\$0.25	\$0.40	\$0.35	\$0.40
	Market Maker	\$0.25	\$0.44	\$0.35	\$0.44
Market Maker	Public Customer	\$0.51	\$0.50	\$0.85	\$1.03
	Professional Customer/ Broker Dealer	\$0.00	\$0.05	\$0.00	\$0.10
	Market Maker	\$0.00	\$0.29	\$0.00	\$0.29

The Exchange also proposes to make non-substantive technical changes [sic] to Section I.A. of the BOX Fee Schedule (Non-Auction Transactions) and remove references to credits.

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,⁶ in particular, in that it

⁶ 15 U.S.C. 78f(b)(4) and (5).

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. The proposed changes will allow the Exchange to be competitive with other exchanges and to apply fees and credits [sic] in a manner that is equitable among all BOX Participants. Further, the Exchange operates within a highly competitive market in which market participants can readily direct order flow to any other competing exchange if they determine fees at a particular exchange to be excessive.

The Exchange believes it is equitable, reasonable and not unfairly discriminatory to assess fees according to the account type of the Participant originating the order and the contra party. This fee structure has been in place on the Exchange for some time and the Exchange is simply adjusting certain credits [sic] within the structure.⁷ The result of this structure is that a Participant does not know the fee it will be charged when submitting certain orders. Therefore, the Participant must recognize that it could be charged the highest applicable fee on the Exchange's schedule, which may, instead, be lowered or changed to a credit depending upon how the order interacts.

The Exchange believes the proposed fees for Non-Auction [sic] for Professional Customers, Broker Dealers and Market Makers when taking liquidity against Public Customers are reasonable, equitable and not unfairly discriminatory. The Exchange believes these fees are reasonable as they are in line with the current fees assessed by other competing exchanges.⁸

⁷ See Securities Exchange Act Release No. 73547 (November 6, 2014), 79 FR 67520 (November 13, 2014)(Notice of Filing and Immediate Effectiveness of SR-BOX-2014-25).

⁸ Miami Securities International Exchange, LLC ("MIAX") charges \$0.45 to firms and \$0.47 to non-MIAX market makers, broker dealers and public customers other than priority customers for execution in Penny Pilot issues and NASDAQ OMX PHLX LLC ("PHLX") charges \$0.48 to professional customers, broker dealers and firms for

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 Exchange believes that the proposed adjustments to fees and rebates [sic] in the Non-Auction Transactions fee structure will not impose a burden on competition among various Exchange Participants. Rather, BOX believes that the changes will result in the Participants being charged appropriately for these transactions and are designed to enhance competition in Non-Auction transactions on BOX. Submitting an order is entirely voluntary and Participants can determine which type of order they wish to submit, if any, to the Exchange. Further, the Exchange believes that this proposal will enhance competition between exchanges because it is designed to allow the Exchange to better compete with other exchanges for order flow.

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 Act⁹ and Rule 19b-4(f)(2) thereunder,¹⁰ 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

execution in Penny Pilot issues. In addition, NASDAQ Options Market LLC ("NOM") and BATS BZX Exchange ("BATS") charge a \$0.50 take fee for removing liquidity in Penny Pilot issues.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

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

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-2016-02 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-2016-02. 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-2016-02, 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.¹¹

Robert W. Errett
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).