

All submissions should refer to File Number SR-CboeBZX-2018-031. This file number should be included on the subject line if email 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. 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-CboeBZX-2018-031, and should be submitted on or before June 5, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83197; File No. SR-BOX-2018-15]

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 To Amend Connectivity Fees and Establish Port Fees

May 9, 2018.

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 April 27, 2018, 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. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on May 1, 2018. 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 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 Section VI. (Technology Fees) of the Fee Schedule to establish Port Fees assessed to BOX Participants connecting to BOX systems. The Exchange does not currently charge Participants to access the BOX System through ports. The Exchange is now proposing to assess fees for these connections.⁵ The Exchange notes that these types of fees are commonly assessed within the industry. Additionally, the Exchange proposes to amend Section VI.A. (Connectivity Fees) to delete the table and applicable language and add language that BOX will pass-through any connectivity fees to Participants and non-Participants that are assessed to BOX by third-party external vendors on behalf of a Participant or non-Participant.

Connectivity Fees

The Exchange proposes to delete the table and applicable language in Section VI.A (Connectivity Fees). Currently, Section VI.A (Connectivity Fees) of the Fee Schedule states that market participants are required to connect to the BOX network through datacenters owned and operated by third-party vendors. The Fee Schedule includes a table of connectivity fees associated with two datacenters, NY4 and 65 Broadway, where market participants can connect to BOX. The Exchange is proposing to delete the table and data center specific language from the Fee Schedule. The Exchange notes that no other exchanges include this detail within their fee schedules and it has received Participant feedback that the inclusion of this information is causing

⁵ See Securities Exchange Act Release No. 66871 (April 27, 2012), 77 FR 26323 (May 3, 2012) (In the Matter of the Application of BOX Options Exchange LLC for Registration as a National Securities Exchange). When BOX applied for registration as a national securities exchange in 2012, it filed exhibits which detailed the operations of the Exchange. Specifically, Exhibit E of BOX's application provided an in-depth description of the means in which Participants would gain access to the BOX systems through certain connections and ports. These connections have been in place since BOX's application approval in 2012. The Exhibit E is available at <https://www.sec.gov/rules/other/2012/boxapplication.htm>.

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).

¹³ 17 CFR 200.30-3(a)(12).

confusion about the technology fees assessed by BOX.

Next, the Exchange proposes to add language to Section VI.A. to state that BOX will pass-through any connectivity fees to Participants and non-Participants that are assessed to BOX by third-party external vendors on behalf of a Participant or non-Participant connecting to BOX (including cross-connects).⁶ The Exchange notes that the proposed change is similar to fees at another options exchange.⁷

Port Fees

The Exchange then proposes to establish fees for access and services used by Participants via existing connections known as “Ports.”⁸ BOX currently provides three (3) types of ports, including: (i) The Financial Information Exchange (“FIX”) Port, which allows Participants to electronically send orders in all products traded on the Exchange; (ii) the SOLA[®] Access Information Language (“SAIL”) Port, which allows Market Makers and other Participants to submit electronic quotes and orders to the Exchange; and (iii) the Drop Copy Port, which provides a real-time feed containing trade execution, trade correction, trade cancellation and trade allocation for regular and complex orders on the Exchange. The Exchange notes that Participants must connect to a minimum of one port via FIX or SAIL and that there is no minimum or maximum number of ports required for the Drop Copy Port.

BOX will assess monthly Port Fees on Participants in each month the market participant is credentialed to use a Port in the production environment and based upon the number of credentialed Ports that user is entitled to use.

The FIX Port Fees will be the following:

FIX ports	BOX monthly (per port per month) port fees
1st FIX Port	\$500
FIX Ports 2 through 5	250
Additional FIX Ports over 5 ..	150

The Exchange notes that the proposed FIX Port fees are similar to fees assessed at options exchanges within the industry.⁹

The SAIL Port Fees will be the following:

SAIL ports	BOX monthly port fees
Market Makers	\$1000 per month for all Ports.
Other Participants.	500 per port per month (1–5 Ports). \$150 per month for each additional Port.

The Exchange also notes that the proposed SAIL Port fees are similar to fees assessed at options exchanges in the industry.¹⁰

Further, BOX will assess Drop Copy Port Fees of \$500 per port per month for each month a Participant is credentialed to use a Drop Copy Port. The Exchange notes that the proposed Drop Copy Port Fee is similar to fees at another options exchange in the industry;¹¹ and that Participants are not required to connect to a minimum or maximum amount of Drop Copy Ports.

Other

Lastly, the Exchange proposes to make non-substantive changes to the Fee Schedule. Specifically, the Exchange proposes to renumber the

⁹ See MIAAX Fee Schedule. MIAAX assesses the 1st FIX Port a fee of \$550 per month, FIX Ports 2 through 5 \$350 per month per port and additional FIX Ports over 5 \$150 per month per port. See also NYSE Arca, Inc. (“Arca”) Fee Schedule. For the Order Entry Port (similar to the proposed FIX Port), Arca charges \$450 per port per month for ports 1 through 40 and assesses \$150 per port per month for 41 ports and above.

¹⁰ See Nasdaq ISE, LLC (“ISE”) Fee Schedule. ISE assesses a Specialized Quote Interface (“SQF”) Port Fee of \$1,100 per port per month for ISE Market Makers. The Exchange believes that the proposed SAIL Port is similar to ISE’s SQF Port because both Ports allow Market Makers to directly connect to the respective Exchanges’ systems in order to provide quotes to the market. The Exchange notes that BOX’s SAIL Port differs from ISE’s in that other Participants, like Order Flow Providers (“OFP”), have the ability to connect to the SAIL Port to enter orders to the BOX system. See also MIAAX Fee Schedule. MIAAX assesses MIAAX Express Interface (“MEI”) Port Fees on Market Makers. Like ISE, MIAAX’s MEI Port is designated for Market Maker quotes only. As mentioned above, BOX’s proposed SAIL Port is available to Market Makers and other Participants who wish to enter orders through the SAIL Port.

¹¹ See MIAAX Fee Schedule. MIAAX assesses a FIX Drop Copy Port Fee of \$500 per month.

footnotes to reflect the proposed changes discussed above.

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,¹² 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.

Connectivity Fees

The Exchange believes that removing the datacenter specific text and table from Section VI.A of the Fee Schedule is reasonable, equitable and not unfairly discriminatory. As discussed above, market participants will continue to be assessed the applicable fees by and billed directly by the datacenter pursuant to their agreement with the datacenter. The Exchange believes that removing the table of associated fees is reasonable, equitable and not unfairly discriminatory as it has caused investor confusion with regard to connectivity fees assessed at BOX.

BOX believes it is reasonable, equitable and not unfairly discriminatory to pass-through any connectivity fees that are charged to BOX by third-party vendors on behalf of the Participant or non-Participant. BOX believes it is reasonable and equitable to recover these costs that were incurred on BOX for the benefit of the Participant or non-Participant. The Exchange believes the proposed change is reasonable as another exchange in the industry has a similar provision in its fee schedule.¹³ Lastly, the Exchange believes that the proposed change is equitable and not unfairly discriminatory because it applies to all market participants, regardless of account type.

Port Fees

FIX and SAIL Port Fees

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to assess FIX and SAIL Port Fees on Participants who use such services. The FIX Port enables Participants to submit orders electronically to the Exchange for processing, while the SAIL Port enables Market Makers to submit quotes to the Exchange for processing. The SAIL Port also allows other Participants to submit orders electronically to the Exchange for

⁶ The Exchange notes that market participants will continue to be assessed fees by and billed directly by the datacenter pursuant to their agreement with the datacenter. The Exchange is proposing that any other fees assessed to BOX on behalf of a Participant or non-Participant will be passed through to the market participants.

⁷ See Miami International Securities Exchange LLC (“MIAAX”) Fee Schedule Section 5(c).

⁸ Within the industry, market participant access to an Exchange is referred to as “Ports,” “Sessions,” and “Gateways.” See Securities Exchange Act Release No. 81903 (October 19, 2017), 82 FR 49450 (October 25, 2017)(SR-ISE-2017-91). In their filing, ISE refers to these connections as “sessions.” See also NYSE American LLC (“American”) Fee Schedule, General Note 4. NYSE refers to these connections as customer “gateways” that provide for order entry.

¹² 15 U.S.C. 78f(b)(4) and (5).

¹³ See *supra* note 7.

processing. The Exchange believes that the proposed fees for the FIX Port are reasonable as they are within the range of comparable fees at other competing options exchanges.¹⁴ Further, the Exchange believes that the FIX Port Fees are equitable and not unfairly discriminatory because the fees are assessed to all Participants who wish to enter orders to the BOX system via the FIX Port, regardless of account type. Further, the Exchange believes that the proposed tiered pricing model for these fees is reasonable, equitable and not unfairly discriminatory as this model is commonly used within the industry for port fees or the equivalent.

The Exchange believes that the SAIL Port Fees are reasonable because they are within the range of comparable fees at other competing options exchanges.¹⁵ Further, the Exchange believes that charging different fees for Market Makers and other market participants who wish to use the SAIL Port is reasonable, equitable and not unfairly discriminatory. BOX believes that charging a flat fee of \$1,000 per month for all SAIL Ports for Market Makers is reasonable as Market Makers are required by the Exchange to connect to sixteen (16) SAIL Ports while other Participants have the ability to choose whether to connect through the FIX Port, the SAIL Port, or both.¹⁶ As such, the Exchange believes that the proposed SAIL Port Fees are reasonable, equitable and not unfairly discriminatory.

Drop Copy Port Fee

The Exchange believes that the Drop Copy Port Fee is equitable and not unfairly discriminatory because the Exchange is uniformly assessing the Drop Copy Port Fees on all users that wish to subscribe to it, regardless of account type. Further, the Exchange believes that the proposed Drop Copy Port Fee is reasonable because it is identical to fees charged by another exchange.¹⁷ Further, the Drop Copy Port Fee is reasonable because it is offered as an optional service for those users who wish to subscribe to it.

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. Unilateral action by BOX in establishing fees for

services provided to its Participants and others using its facilities will not have an impact on competition. As a small Exchange in the already highly competitive environment for options trading, BOX does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Exchange Act. BOX's proposed fees, as described herein, are comparable to and generally lower than fees charged by other options exchanges for the same or similar services. Lastly, the Exchange believes the proposed change will not impose a burden on intramarket competition as the proposed fees are applicable to all Participants who connect to BOX.

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 Act¹⁸ and Rule 19b-4(f)(2) thereunder,¹⁹ 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

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 email to rule-comments@sec.gov. Please include File Number SR-BOX-2018-15 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-2018-15. This file number should be included on the subject line if email 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. 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-2018-15, and should be submitted on or before June 5, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: U.S. Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

Extension:

²⁰ 17 CFR 200.30-3(a)(12).

¹⁴ See *supra* note 9.

¹⁵ See *supra* note 10.

¹⁶ The Exchange requires Market Makers to connect to 16 Ports in order to satisfy their membership requirements on BOX.

¹⁷ See *supra* note 11.

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 17 CFR 240.19b-4(f)(2).