

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-FINRA-2016-011, and should be submitted on or before April 14, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77403; File No. SR-BOX-2016-12]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Comply With the Requirements of the Amended and Restated Limited Liability Company Agreement of BOX Holdings, and To Permit Certain Ownership Changes Pursuant Thereto

March 18, 2016.

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 March 11, 2016, 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 comply with the requirements of the Amended and Restated Limited Liability Company Agreement of BOX Holdings, and to permit certain ownership changes pursuant thereto. 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 Web site at <http://boxexchange.com>.

¹⁴ 17 CFR 200.30-3(a)(12).

¹⁵ 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

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 (“BOX Market”). IB Exchange Corp (“IB”) became a Member of Holdings on May 10, 2012 with an ownership percentage of 20.1%, comprised of 2,125 Class A Units and 265 Class B Units. The purpose of this filing is to provide notice that IB’s economic interest in BOX Holdings will surpass a 5% aggregate ownership threshold. IB’s voting power with respect to BOX Holdings remains unchanged and is limited to 20%.

In January 2015, BOX Holdings launched a program available to all Participants (the “VPR Program”) pursuant to which Participants on BOX Market that subscribe to the VPR Program (“Subscribers”) receive additional equity units of BOX Holdings (“Class C Units”) by providing order flow to BOX Market.³ Under the VPR Program, a Subscribers’ ownership of Class C Units may increase or decrease on a quarterly basis.

Section 7.4(f) of the Holdings LLC Agreement provides that a rule filing pursuant to Section 19 of the Exchange Act is required with respect to certain transactions that result in the acquisition and holding by a person of an aggregate ownership interest in BOX Holdings which meets or crosses the threshold level of 20% or any

³ See Securities Exchange Act Release Nos. 74171 (January 29, 2015), 80 FR 6153 (February 4, 2015) (SR-BOX-2015-05); 75766 (August 27, 2015), 80 FR 40100 (July 13, 2015) (SR-BOX-2015-22) (Order Approving the VPR Program); 74114 (January 22, 2015), 80 FR 4611 (January 28, 2015) (SR-BOX-2015-03); and 74576 (March 25, 2015), 80 FR 17122 (March 31, 2015) (SR-BOX-2015-16).

successive 5% level.⁴ As of December 31, 2015, as a Subscriber to the VPR Program, IB earned the right to receive additional 25.5 Class C Units which, combined with IB’s already held Class A, B and C Units, will result in IB’s aggregate ownership interest increasing from 24.97% to 25.08 and thereby crossing a threshold level of 25%. These additional 25.5 Class C Units, to which IB is entitled under the VPR Program, are being held in escrow pending the effectiveness of this rule filing.

The change in IB’s ownership percentage will not alter the voting power of IB in BOX Holdings. Pursuant to Section 7.4(h) of the Holdings LLC Agreement,⁵ IB was, and will continue to be, limited to 20% voting power with respect to BOX Holdings because it is a Participant on BOX Market. IB will receive the economic benefit intended by the VPR Program but no additional power or control of BOX Holdings will accrue to IB as a result.

Additionally, the effectiveness of this rule filing will not affect the ownership or control of the Exchange, including its capitalization, board of directors, voting or control over BOX Market. All ownership limits relating to the Exchange will continue to be strictly respected.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(1),⁷ in particular, in that it

⁴ Section 7.4(f) of the Holdings LLC Agreement provides that, “the parties agree that the following Transfers are subject to the rule filing process pursuant to Section 19 of the Exchange Act: any Transfer that results in the acquisition and holding by any Person, alone or together with its Related Persons, of an aggregate Percentage Interest level which meets or crosses the threshold level of 20% or any successive 5% Percentage Interest level (*i.e.*, 25%, 30%, etc.).”

⁵ Section 7.4(h) of the Holdings LLC Agreement provides that, “In the event that a Member, or any Related Person of such Member, is approved by the Exchange as a BOX Options Participant pursuant to the Exchange Rules, and such Member owns more than 20% of the Units, alone or together with any Related Person of such Member (Units owned in excess of 20% being referred to as “Excess Units”), the Member and its designated Directors shall have no voting rights whatsoever with respect to any action relating to BOX Holdings nor shall the Member or its designated Directors, if any, be entitled to give any proxy in relation to a vote of the Members, in each case solely with respect to the Excess Units held by such Member; provided, however, that whether or not such Member or its designated Directors, if any, otherwise participates in a meeting in person or by proxy, such Member’s Excess Units shall be counted for quorum purposes and shall be voted by the person presiding over quorum and vote matters in the same proportion as the Units held by the other Members are voted (including any abstentions from voting).”

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(1).

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 proposal is consistent with, and is required to comply with, the requirements of the Holdings LLC Agreement and the VPR Program. The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act⁸ 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

Because the proposed rule change 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). 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

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. The Exchange noted that the transfer is intended to be completed in less than 30 days. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will allow the transfer of Units to which IB is entitled under the VPR Program to take place without further delay. Accordingly, the Commission designates the proposed rule change to be operative upon filing.¹³

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 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 email to rule-comments@sec.gov. Please include File Number SR-BOX-2016-12 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

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 deems this requirement to have been met.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ 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).

Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2016-12. 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 Web site (<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 Web site 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-2016-12, and should be submitted on or before April 14, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Robert W. Errett,
Deputy Secretary.

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¹⁴ 17 CFR 200.30-3(a)(12).