SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Designation of a Longer Period For Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Introduce Bats Market Close, a Closing Match Process for Non-BZX Listed Securities Under New Exchange Rule 11.28

November 17, 2017.

On May 5, 2017, Bats BZX Exchange, Inc. (now known as Cboe BZX Exchange, Inc.) ("BZX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")1 and Rule 19b–4 thereunder,2 a proposed rule change to adopt Bats Market Close, a closing match process for non-BZX Listed Securities. The proposed rule change was published for comment in the Federal Register on May 22, 2017.3

On July 3, 2017, the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved.4 The Commission received 54 comment letters on the proposed rule change, including a response from the Exchange.5 On August 18, 2017, the Commission instituted proceedings under Section 19(b)(2)(B) of the Exchange Act6 to determine whether to approve or disapprove the proposed rule change.7 Since then, the Commission has received four more comment letters, including a response from the Exchange.8

Section 19(b)(2) of the Act9 provides that, after initiating proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may, however, extend the period for issuing an order approving or

disapproving the proposed rule change by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the Federal Register on May 22, 2017. November 18, 2017 is 180 days from that date, and January 17, 2018 is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider this proposed rule change, the issues raised in the comment letters that have been submitted in connection therewith, and the Exchange’s responses to the comments. The Commission also notes that any data received, or analyses or studies received by the Commission or performed by Commission staff, will be posted on the Commission’s Internet Web site at https://www.sec.gov/comments/sr-batsbzx-2017-34/batsbzx 201734.htm. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act, designates January 17, 2018, as the date by which the Commission should either approve or disapprove the proposed rule change (File No. SR–BatsBZX–2017–34).

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

Eduardo A. Aleman, Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82112; File No. SR–BOX–2017–33]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of Proposed Rule Change To Amend the Minimum Order Size for the Floor Broker Guarantee Provided in Rule 7600(f)

November 17, 2017.

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 November 6, 2017, BOX Options Exchange LLC (“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 change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7600 to amend the minimum order size for the Floor Broker guarantee provided in Rule 7600(f). 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.

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 proposes to amend Rule 7600(f). Specifically, the Exchange is proposing to amend the minimum order size for the Floor Broker guarantee provided in Rule 7600(f).

Currently, on the Trading Floor, when a Floor Broker holds an order of the eligible order size or greater, the Floor Broker is entitled to cross a certain percentage of the order with other orders that he is holding. The Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to Rule 7600(f); however, the eligible order size may not be less than 500 contracts. The percentage of the order which a Floor Broker is entitled to cross, after all equal or better priced Public Customer bids or offers on the BOX Book and any non-Public Customer bids or offers that are ranked ahead of such Public Customer bids or offers are filled, is 40% of the remaining contracts in the order. The Exchange is now proposing to decrease the required minimum eligible order size for the Floor Broker guarantee from 500 contracts to 50 contracts.3 The proposed change would align the eligible order size with that of another exchange.4 The Exchange notes that it may still determine the eligible order size, provided that it is at least 50 contracts. Changes to the eligible order size will be communicated to Participants via Regulatory Circular pursuant to BOX Rule 7600(f)(2).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act 5 in general, and further the objectives of Section 6(b)(5) of the Act 6 in particular, in that it is designed to promote just and equitable principles of trade, 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.

Specifically, the Exchange believes that the proposed change offers Floor Brokers a greater incentive to execute transactions on the BOX Trading Floor. Further, the Exchange believes that the proposed change is appropriate as a similar minimum eligible order size is present at another options exchange with a trading floor. Further, the Exchange believes that the proposed change will benefit market participants as the increased minimum eligible order size may result in more transactions on the exchange.

In addition, the proposed rule change would promote a free and open market by permitting the Exchange to compete with other options exchanges. In this regard, competition would result in benefits to the investing public. As noted above, the proposed change would align the eligible order size with the rules of another options exchange with an open outcry trading floor.7 As such, permitting the Exchange to operate on an even playing field relative to other exchanges removes impediments to and perfects the mechanism for a free and open market and a national market system.

3 The Exchange notes that Participants have requested this change. The Exchange believes that the proposed change will result in more transactions on the BOX Trading Floor.

4 See CBOE Rule 6.74(d). The Exchange notes that CBOE Rule 6.74(d) also refers to facilitation and solicitation orders. The Exchange does not currently differentiate between facilitated orders or solicited orders on the BOX Trading Floor.


7 See CBOE Rule 6.74(d).