

Exchange believes that the proposed rule change would increase both intermarket and intramarket competition by incenting Members to direct orders for the account(s) of Professionals to the Exchange, which should enhance the quality of the Exchange's markets and increase the volume of contracts traded here. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. The Exchange believes that the proposed rule change reflects this competitive environment because it reduces the Exchange's fees through rebates in a manner that encourages market participants to direct their customer order flow, to provide liquidity, and to attract additional transaction volume to the Exchange. Given the robust competition for volume among options markets, many of which offer the same products, implementing a volume increase based rebate program to attract order flow like the one being proposed in this filing is consistent with the above-mentioned goals of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor 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 Act,⁸ and Rule 19b-4(f)(2)⁹ thereunder. 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-MIAX-2016-05 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-MIAX-2016-05. 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-MIAX-

2016-05 and should be submitted on or before March 8, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Brent J. Fields,
Secretary.

[FR Doc. 2016-02989 Filed 2-12-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77096; File No. SR-BOX-2016-05]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 7290 (Price Protection for Limit Orders) To Enhance the Protections Provided to Participants Executing Orders and Quotes on the Exchange

February 9, 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 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 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 amend Rule 7290 (Price Protection for Limit Orders) to enhance the protections provided to Participants executing orders and quotes on the Exchange. 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

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 purpose of the proposed rule change is to amend Rule 7290 to enhance the protections provided to Participants executing orders and quotes on the Exchange. Specifically, BOX is proposing to expand the current price protections to (i) cover quotes, (ii) allow Participants to provide their own parameters, and (iii) make these price protections mandatory.

Background

Currently, the Exchange employs a filter on all incoming Limit Orders, including Limit Order modifications, pursuant to which the Trading Host³ will reject these orders if priced outside an acceptable price range based on price parameters set by BOX. Specifically, as the Exchange receives Limit Orders, the Trading Host compares the price of each order against the contra-side National Best Bid/Offer ("NBBO") at the time of order entry to determine if the price is outside the acceptable price parameter.⁴ If the order is priced outside of the acceptable price parameter, it will be rejected.

Unless determined otherwise by the Exchange and announced to the Participants via Informational Circular, the price parameters are currently set at the price 100% greater than the National Best Offer ("NBO") (for incoming buy orders), and 100% less than the National Best Bid ("NBB") (for incoming sell orders), when the NBB/NBO is priced at or below \$0.25; and the price parameters are set at the price 50% greater than the NBO (for incoming orders), and 50% less than the NBB (for incoming sell orders), when the NBB/NBO is priced above \$0.25. The Exchange rejects incoming buy (sell) orders that are priced above (below) these parameters. For example, if the NBO is \$1.20, a buy order priced above \$1.80 ($\1.20×1.50) will be rejected. Likewise, if the NBB is \$1.10, a sell

order priced below \$0.55 ($\1.10×0.50) will be rejected. If the NBO is \$0.10, a buy order priced above \$0.20 ($\0.10×2.00) will be rejected. However, for non-Complex Orders, if the NBB is less than or equal to \$0.25, the default limits set above will result in all incoming sell orders being accepted regardless of their limit.

The price protection feature is operational each trading day after the opening until the close of trading, and only applies to Limit Orders. This feature is available to all Participants; however, it is disabled until the Participant enables it by contacting the Exchange.

Proposal

BOX is now proposing to amend this price protection to expand and enhance the protections to Participants submitting orders and quotes to the Exchange. Specifically, the Exchange is proposing to: (i) Expand this price protection to cover quotes, (ii) allow Participants to provide their own parameters, and (iii) make these price protections mandatory. These proposed changes are designed to help Participants further control risk by checking prices against certain parameters.

Quotes

As previously mentioned, the current price protection is only available for Limit Orders. BOX is now proposing to expand this price protection to cover incoming quotes, including quote updates. Incoming quotes will be processed in the same way that Limit Orders are currently processed by this mechanism. Specifically, under the proposed rule, if an incoming quote is priced outside the price parameter it will be rejected by the Exchange.⁵ Under the proposed change, when the Exchange receives quotes, the Trading Host will compare the price of each quote against the contra-side NBBO at the time of quote entry to determine if the price is outside the acceptable price parameter. Therefore, the proposed price protection will now cover all incoming Limit Orders and quotes. The proposed price protection mechanism for quotes will be applied in the same manner as the price protections currently applicable to Limit Orders; all quotes will be evaluated against the contra-side NBBO to determine whether it is within an acceptable price range before it is accepted by the Trading Host.

The Exchange believes that expanding this price protection mechanism to

quotes will greatly enhance the risk protections available on the Exchange. The proposed enhancement will allow the Trading Host to reject quotes that likely resulted from human or operation error.

Parameters

The Exchange currently provides the values for the price parameters and Participants are not able to override them with their own more restrictive values. The Exchange is now expanding this price protection to allow Participants to provide their own parameters. Specifically, Participants will be allowed to provide values, on an underlying security basis, for: (i) The cut-off price,⁶ (ii) the price parameters, and (iii) minimum price variation, as described in further detail below. Participants will be able to update the values on a daily basis with such changes taking effect on the following trading day. The Exchange will still provide Exchange default values on an underlying security basis and will use the most restrictive parameters between the Participant-provided values and the Exchange defaults. Unless determined otherwise by the Exchange and announced to Participants via Informational Circular, the Exchange defaults shall be: 100% for the contra-side NBB or NBO priced at or below \$0.25; and 50% for the contra-side NBB or NBO priced above \$0.25. Any changes to the Exchange default values would take effect no earlier than the following trading day. For example, assume for a particular option series the NBO is \$0.80 and the NBB is \$0.70. Also assume that the cut-off price provided by the Participant is \$0.50 and the Exchange default is \$0.25. The Participant provides a price parameter of 20% for options above the cut-off price and the Exchange default for above the cut-off price is 50%. The Exchange will use the 20% price parameter when validating incoming orders and quotes from the Participant because it is the most restrictive between the Exchange default and Participant-provided parameter. Therefore, the Exchange will reject any order or quote to buy at a price above \$0.96 (0.80×1.20) or any order or quote to sell at a price below \$0.56 ($0.70 \times .80$).

A minimum price variation will apply when using the price parameters from either the Participant or Exchange to

³ The term "Trading Host" means the automated trading system used by BOX for the trading of options contracts. See Rule 100(a)(66).

⁴ The price parameter is set by the Exchange and is percentage of the NBBO on the opposite side of the incoming order.

⁵ See Proposed Rule 7290(a).

⁶ The "cut-off price" is the price level where options priced above and below it will have different price parameters. It is designed to allow Participants to have additional control by being able to apply different price parameters depending how high or low the price of the options series is.

calculate the acceptable price range.⁷ Specifically, the minimum price variation is the minimum amount that can be added or subtracted from the contra-side NBB or NBO. The Exchange will apply the smallest minimum price variation between the Exchange default and the value provided by the Participant. For example, assume in the example above that instead of providing a price parameter of 20% the Participant provides a price parameter of 5%. Also, assume that the Participant provides a minimum price variation of \$0.05 and the Exchange default is \$0.10. The 5% price parameter would provide an acceptable price range of \$0.84 to \$0.665. However, the Exchange would use the minimum price variation provided by the Participant so the acceptable price range for incoming Limit Orders and quotes would be \$0.85 to \$0.65.

Mandatory

The current price protections for Limit Orders are not mandatory; a Participant may elect to use them but they are not required. BOX is now proposing that use of this price protection mechanism will be mandatory for all Limit Orders⁸ and quotes on the Exchange. Additionally, as mentioned above, the Exchange will provide default values to ensure that all orders and quotes receive a baseline of protection. By providing Exchange default values and making this price protection mandatory, BOX is attempting to ensure that orders and quotes will have a minimum level of protection from executing at potentially erroneous prices even if a Participant does not provide its own price parameters or selects price parameters that are not restrictive enough.

Additional Changes

The rule change also clarifies what happens when the NBBO on the opposite side is not available and how the acceptable price range is calculated for complex orders. First, proposed Rule 7290(b)(3) will clarify that for Limit Complex Orders the cNBBO⁹ will be used when calculating the acceptable price range. The Exchange will apply the price parameters to the cNBBO when determining the acceptable price range for an incoming Limit Complex Order. Next, the Exchange is proposing

to clarify how the acceptable price range will be calculated when the NBBO on the opposite side of an incoming order or quote is not available. In this situation, the Exchange will use the NBBO on the same side of the incoming order or quote when calculating the acceptable price range.¹⁰ If there is also no NBBO on the same side of the order or quote, no price protection will apply to such incoming order or quote.¹¹

The Exchange notes that these proposed enhancements to the Exchange's price protections are intended to protect market participants from executions at prices that are significantly outside the Exchange's displayed market. BOX believes that Participants that submit orders and quotes on the Exchange generally intend to receive executions at or near the Exchange's displayed market. An order or quote that is priced significantly outside the Exchange's displayed market could be indicative of an error (e.g., mistake in intended price, series, put/call) and could result in executions occurring at prices that have little or no relation to the theoretical price of the option. Accordingly, the Exchange believes these enhancements will help prevent erroneous orders and quotes, dramatic price swings and, potentially, executions qualifying as obvious errors¹² on the Exchange. The Exchange also believes that orders that are significantly priced outside the Exchange's displayed market have the potential to create market volatility by trading at different price levels until executed in their entirety. As such, BOX believes these enhancements to the price protections may also help limit unnecessary volatility.

The Exchange also proposes to fix a typographical error with the original rule text of Rule 7290. Specifically, BOX is proposing to capitalize Limit Orders in the text of Rule 7290 to make it consistent with the rest of the Exchange's Rulebook.

The Exchange will provide Participants with notice, via Information Circular, about the implementation date of these proposed enhancements to the price protections.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹³ in general, and Section 6(b)(5) of

the Act,¹⁴ in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest.

In particular, BOX believes that expanding the price protection to incoming quotes assures that executions will not occur at erroneous prices, thereby promoting fair and orderly markets. The Exchange believes that this proposed change is reasonable as it will protect Participants by mitigating the risk of having orders executed at erroneous prices.

BOX believes the proposed rule change furthers the objectives of Section 6(b)(5) of the Act in that it permits the Exchange to address the entry of orders and quotes that are priced significantly away from the market that are likely to have resulted from human or operational error.¹⁵ By being able to quickly and efficiently reject orders that likely resulted from such error, the proposed use of the price protections would promote a fair and orderly market. Additionally, by providing Participants with the flexibility to determine the price parameters while still providing Exchange defaults, the Exchange is ensuring that all Limit Orders and quotes will have at least a minimum level of protection while, at the same time, allowing Participants to apply more restrictive controls when needed.

The proposed price protections are similar to the protections available at other exchanges.¹⁶ Accordingly, the Exchange believes that this proposal is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market.

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. BOX believes

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ The Exchange believes that these principles are equally applicable to ISOs. In an effort to protect market participants from the consequences of such order entry errors and prevent market disruptions that may be caused by erroneously placed orders, the Exchange has determined to apply price protections to ISOs on the Exchange.

¹⁶ See NYSE Arca Rules 6.60 and 6.61, and NYSE MKT Rules 967NY and 967.1NY. The price protections at NYSE Arca and NYSE MKT are different in that the exchanges provide the price parameters and does not allow for a Participant to provide their own values.

⁷ See Proposed IM-7290-1 to Rule 7290.

⁸ The proposed price protections will cover Intermarket Sweep Orders ("ISO"), as defined in Rule 15000(h).

⁹ The term "cNBBO" means the best net bid and offer price for a Complex Order Strategy based on the NBBO for the individual options components of such Strategy. See Rule 7240(a)(3).

¹⁰ See Proposed Rule 7290(b)(2).

¹¹ For Complex Orders, there is always a cNBBO calculated even if no NBBO exists on the individual options components of such Complex Order.

¹² See Rule 7170.

¹³ 15 U.S.C. 78f(b).

the proposal will provide market participants with additional protection against erroneous executions. The Exchange does not believe the proposed rule change imposes any burden on intramarket competition as the feature is available to all Limit Orders and quotes of all Participants. Nor will the proposal impose a burden on competition among the options exchanges, because of the vigorous competition for order flow among the options exchanges. The Exchange competes with many other options exchanges. In this highly competitive market, market participants can easily and readily direct order flow to competing venues.

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 Act¹⁷ and Rule 19b-4(f)(6) thereunder.¹⁸ 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 prior to 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 Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁰ the Commission may 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 so that the Exchange may implement the proposed rule change without undue

delay. In support of its request, the Exchange states the proposed rule change will provide additional protections against executions that are priced significantly away from the market as a result of human or operational error. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.²¹

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-2016-05 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-2016-05. 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 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-2016-05 and should be submitted on or before March 8, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Brent J. Fields,
Secretary.

[FR Doc. 2016-02988 Filed 2-12-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77085; File No. SR-NYSEMKT-2016-19]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 990NY(8) To Correct a Typographical Error

February 9, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that on February 3 2016, NYSE MKT LLC (the "Exchange" or "NYSE MKT") filed with the Securities and Exchange Commission (the "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.

²² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.

¹⁹ 17 CFR 240.19b-4(f)(6).

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

²¹ For purposes only of waiving the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).