For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71312; File No. SR–BOX–2014–01]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Establish Fees for Complex Order Price Improvement Period (''COPIP'') Transactions

January 15, 2014.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the ''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 9, 2014, BOX Options Exchange LLC (the ''Exchange'') filed with the Securities and Exchange Commission (the ''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 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 establish fees for Complex Order Price Improvement Period (''COPIP'') transactions on the BOX Market LLC (''BOX'') options facility. 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.*

[21] 17 CFR 200.30–3(a)(12).

[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).

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, Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule for trading on BOX to establish fees for COPIP[5] transactions. The Exchange recently amended its rules to permit Complex Orders[6] to be submitted to a price improvement period auction mechanism similar to the existing Price Improvement Period (''PIP'') mechanism for single option series on BOX.[7] The Exchange believes the COPIP will result in more efficient transactions, reduced execution risk to BOX Options Participants, and greater opportunities for price improvement. The Exchange is submitting this filing to describe the fees that are applicable to COPIP transactions.

Generally, the Exchange proposes to treat COPIP transactions in the same manner as PIP transactions within the BOX Fee Schedule. While standard Complex Order transactions are subject to the fees and credits set forth in Section III (Complex Order Transaction Fees) of the Fee Schedule, COPIP transactions will instead be subject to Sections I (Exchange Fees) and II (Liquidity Fees and Credits).

First, the Exchange proposes to add language throughout Section I (Exchange Fees) to state that Auction Transactions fees will now include those transactions executed through the COPIP and that all COPIP transactions will be charged per contract per leg. The Exchange currently assesses Exchange Fees based on transaction type and account type with distinct fees for Auction Transactions (transactions executed through the BOX Price Improvement Period, Solicitation, and Facilitation auction mechanisms), and non-Auction Transactions (transactions executed on the BOX Book). Specifically, for Public Customers the Exchange proposes to assess a $0.00 per contract fee for COPIP Orders[8] and a $0.15 per contract fee for Improvement Orders[9] in the COPIP. For Professional Customers and Broker Dealers, the Exchange proposes to assess a $0.37 per contract fee for both COPIP Orders and Improvement Orders in the COPIP.

The remaining types of Exchange Fees are based upon a Participant's monthly average daily volume (''ADV'') in Auction Transactions and Non-Auction Transactions. The Exchange proposes that Exchange Fees for Initiating Participants, regardless of account type, who submit a Primary Improvement Order[10] in the COPIP will be based upon a Participants' monthly average daily volume (''ADV'') in all Auction Transactions as calculated at the end of each month and detailed in Section I.A. For Market Makers, the Exchange proposes to assess a per contract, tiered, execution fee on COPIP Orders and Improvement Orders in the COPIP under Section I.B that is based on their monthly ADV in all transactions executed on BOX, as calculated at the end of each month.

Second, the Exchange proposes to treat COPIP transactions in the same manner as PIP transactions for liquidity fees and credits, which are applied in addition to any applicable exchange fees as described in Section I of the Fee Schedule. Specifically, the Exchange proposes that COPIP Orders (i.e., the agency orders opposite the Primary Improvement Order) receive a ''removal'' credit and Improvement Orders in the COPIP be charged an ''add'' fee.

Specifically, the Exchange proposes that COPIP transactions in classes where the minimum price variation of $0.01 (i.e., Penny Pilot classes where the trade price is less than $3.00 and all series in

[5] As defined in Rule 7245, the term ''COPIP'' means Complex Order Price Improvement Period.

[6] As defined in Rule 7240(a)(5), the term ''Complex Order'' means any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purpose of executing a particular investment strategy.

[7] *See* Securities Release No. 71148 (December 19, 2013), 78 FR 78437 (December 26, 2013) (Order Approving SR–BOX–2013–43).

[8] As defined in Rule 7245, the term ''COPIP Order'' means a Complex Order designated for the COPIP.

[9] As defined in Rule 7245, the term ''Improvement Order'' means a competing Complex Order submitted to BOX by an Order Flow Provider or Market Maker during a COPIP.

[10] As defined in Rule 7245, the term ''Primary Improvement Order'' means the matching contra order equal to the full size of the corresponding COPIP Order.

QQQ, SPY, and IWM) will be assessed a fee for adding liquidity or provided a credit for removing liquidity of $0.35, regardless of account type. For COPIP transactions where the minimum price variation is greater than $0.01 (i.e., all non-Penny Pilot Classes, and Penny Pilot Classes where the trade price is equal to or greater than $3.00, excluding QQQ, SPY, and IWM), the Exchange proposes a fee for adding liquidity or a credit for removing of $0.75, regardless of account type. In addition, the Exchange proposes to specify that an Unrelated Order [11] that is not immediately marketable will be charged as an Improvement Order when it executes against a COPIP Order.

For Jumbo SPY Option COPIP Transactions, the Exchange proposes to treat these transactions in the same manner as Jumbo SPY PIP transactions. Specifically, Jumbo SPY Option COPIP Orders will be charged a ''removal'' fee of $0.50 and Jumbo SPY Option COPIP Improvement Orders will receive an ''add'' credit of $0.30. The Exchange also proposes to clarify that this section is not applicable to Complex Order transactions in Jumbo SPY Options and that an Unrelated Jumbo SPY Option Order that is not immediately marketable will receive the ''add'' credit as an Improvement Order when it executes against a Jumbo SPY Option COPIP Order.

Finally, the Exchange proposes to amend Section III (Complex Order Transaction Fees) to clarify that the transaction fees and credits set forth in this section will apply to executions of Complex Orders; except that COPIP transactions will be subject to Sections I (Exchange Fees) and II (Liquidity Fees and Credits). The Exchange notes that the Options Regulatory Fee [12] outlined in Section V (Regulatory Fees) will apply to all COPIP transactions.

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,[13] 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.

The Exchange believes that the proposed COPIP transaction fees are reasonable, equitable and non-discriminatory. The COPIP is a new auction mechanism that allows Participants to submit Complex Orders in substantially the same manner as they currently submit orders for single option series instruments in the PIP. As such the Exchange believes it is reasonable for the COPIP fees to mimic the current PIP transaction fees. Additionally, the Exchange believes the proposed COPIP fees will allow the Exchange to be competitive with other exchanges and to apply fees and credits in a manner that is equitable among all BOX Participants. 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 COPIP transaction fees are intended to attract Complex Orders to the Exchange by offering market participants incentives to submit their Complex Orders through the COPIP. The Exchange believes it is appropriate to provide incentives for market participants to submit orders to the COPIP, resulting in greater liquidity and ultimately benefiting all Participants trading on the Exchange.

Exchange Fees

The Exchange believes it is equitable and not unfairly discriminatory that Public Customers be charged lower Exchange Fees in COPIP transactions than Professionals, Broker-Dealers and Market Markers on BOX. The securities markets generally, and BOX in particular, have historically aimed to improve markets for investors and develop various features within the market structure for customer benefit. As such, the Exchange believes the proposed fees for Public Customer transactions in COPIP transactions are reasonable and not unfairly discriminatory. The Exchange believes it promotes the best interests of investors to have lower transaction costs for Public Customers, and that lower COPIP transaction fees will attract Public Customer order flow to BOX.

Moreover, the Exchange believes that assessing Professionals and Broker-Dealers a higher Exchange fee than Public Customers for COPIP transactions is reasonable, equitable and not unfairly discriminatory because these types of Participants are more sophisticated and have higher levels of order flow activity and system usage. This level of trading activity draws on a greater amount of BOX system resources than that of Public Customers, and thus, generates greater ongoing BOX operational costs. Further, the Exchange believes that charging Professionals and Broker-Dealers the same fee for all COPIP transactions is not unfairly discriminatory as the fees will apply to all Professionals and Broker-Dealers equally. Professionals and Broker-Dealers remain free to change the manner in which they access BOX.

The Exchange believes its proposal to charge Initiating Participants in COPIP transactions based on the Participant's ADV in all Auction Transactions, including COPIP transactions, is reasonable. The Exchange believes that providing a volume discount to Options Participants that initiate auctions on Customer orders incentivizes these Participants to submit their customer orders to the COPIP for potential price improvement. Additionally, the Exchange believes it is reasonable for Participants initiating a COPIP to be assessed a lower fee than those providing responses. Initiating Participants guarantee the COPIP Order, and are subject to market risk during the time period the COPIP Order is exposed to other BOX Participants. While other COPIP Participants are also subject to market risk, those providing responses in the COPIP through Primary Improvement Orders are not permitted to cancel their orders and may only modify their Primary Improvement Order, including reducing their order quantity, by providing a better price. The Exchange believes that the Initiating Participant acts in a critical role in the COPIP as their willingness to guarantee the customer COPIP Order is the keystone to the customer order gaining the opportunity for price improvement.

Further, the Exchange believes it is equitable and not unfairly discriminatory to provide Initiating Participants a tiered fee structure related to their participation in Auction Transactions, including COPIP transactions. The proposed fee structure for Primary Improvement Orders in the COPIP is related to trading activity in BOX Auction Transactions and is available to all BOX Options Participants; they may choose to trade on BOX to take advantage of the discounted fees for doing so, or not. Participants will benefit from the opportunity to aggregate their trading in the BOX auction mechanisms to more easily attain a discounted fee tier. The tiered fee structure in the BOX auction mechanisms aims to attract order flow to BOX, providing greater potential liquidity within the overall BOX market

[11] As defined in Rule 7245, the term ''Unrelated Order'' means a non-Improvement Order entered on BOX during a COPIP or BOX Book Interest during a COPIP.

[12] The Options Regulatory Fee is assessed to each BOX Options Participant for all options transactions executed or cleared by the BOX Options Participant that are cleared by The Options Clearing Corporation (OCC) in the customer range regardless of the exchange on which the transaction occurs.

[13] 15 U.S.C. 78f(b)(4) and (5).

and its auction mechanisms, to the benefit of all BOX market participants.

Finally, the Exchange believes it is equitable and not unfairly discriminatory for BOX Market Makers to have the opportunity to benefit from lower COPIP transaction fees than the fees charged to other Participants. Generally, Market Makers have obligations on BOX that other Participants do not. They must maintain active two-sided markets in the classes in which they are appointed, and must meet certain minimum quoting requirements. Market Makers also provide significant contributions to overall market quality. Specifically, Market Makers can provide high volumes of liquidity and lowering their COPIP transaction fees will help attract a higher level of Market Maker order flow and create liquidity, which the Exchange believes will ultimately benefit all Participants trading on BOX. As such, the Exchange believes it is appropriate that Market Makers be charged lower COPIP transaction fees on BOX.

The Exchange believes that the proposed tiered and discounted COPIP transaction fees for Market Makers that, on a daily basis, trade an average daily volume (as calculated at the end of the month) of 5,001 contracts or more on BOX represent a fair and equitable allocation of reasonable dues, fees, and other charges as they are aimed at incentivizing these Participants to provide a greater volume of liquidity. The Exchange believes that giving incentives for this activity results in increased volume on BOX, which benefits all Participants.

The Exchange also believes it is reasonable, equitable and not unfairly discriminatory to include COPIP transactions to calculate the tier a Market Maker has reached because doing so will provide the Market Maker with an opportunity to qualify for increased rebates and, therefore, incentivize these Participants to trade more of such order flow on the Exchange.

The Exchange believes that the proposed COPIP transaction fees will keep BOX competitive with other exchanges as well as be applied in such a manner so as to be equitable among all BOX Participants. The Exchange believes the proposed fees are fair and reasonable and must be competitive with fees in place on other exchanges. Further, the Exchange believes that this competitive marketplace impacts the fees proposed for BOX.

Liquidity Fees and Credits

The Exchange believes it is equitable and not unfairly discriminatory to assess the proposed fees for COPIP transactions because the proposed fee for adding liquidity and credit for removing liquidity will apply uniformly to all categories of participants, across all account types. The Exchange also believes the proposed liquidity fees and credits for COPIP transactions to be reasonable. The proposed fee structure aims to attract order flow to the COPIP, potentially providing greater liquidity within the overall BOX market to the benefit of all BOX market participants. The Exchange notes that the proposed fees and credits for transactions on BOX offset one another in any particular transaction. The result is that BOX will collect a fee from Participants that add liquidity on BOX and credit another Participant an equal amount for removing liquidity. Stated otherwise, the collection of these liquidity fees will not directly result in revenue to BOX, but will simply allow BOX to provide the credit incentive to Participants in order to attract order flow. The Exchange believes it is appropriate to provide incentives to market participants to direct order flow to remove liquidity from BOX, similar to various and widely-used exchange-sponsored payment for order flow programs. Further, the Exchange believes that fees for adding liquidity on BOX will not deter Participants from seeking to add liquidity to the BOX market so that they may interact with those participants seeking to remove liquidity.

The Exchange believes it is reasonable to assess the proposed COPIP liquidity fees and credits at a lower rate ($0.35) in classes with a minimum price variation of $0.01 (i.e., Penny Pilot classes where trade price is less than $3.00, and all series in QQQ, SPY and IWM); compared to a higher rate ($0.75) in classes with a minimum price variation of greater than $0.01 (i.e., all Non-Penny Pilot classes and Penny Pilot classes where trade price is equal to or greater than $3.00, excluding QQQ, SPY & IWM that trade in increments of $0.05 or more). The Exchange believes that options which trade at these wider spreads merit offering greater inducement for market participants. In particular, within the PIP, minimum increments of $.05 or $.10 provide greater opportunity for market participants to offer price improvement. As such, BOX believes that the opportunity for additional price improvement provided by these wider spreads again merits offering greater incentive for Participants to increase the potential price improvement for customer orders in these PIP transactions.

The Exchange believes it is reasonable and equitable to treat a non-immediately marketable Unrelated Order that executes against a COPIP Order as an Improvement Order for purposes of the Exchange's liquidity fees. The COPIP liquidity fees and credits are intended to attract order flow to the Exchange by offering incentives to all market participants to participate in the COPIP. The COPIP Unrelated Order is either a non-Improvement Order entered on BOX during a COPIP or BOX Book Interest during a COPIP. Currently, a Participant that submits a non-Improvement Order, which then executes against a COPIP Order, receives the same trading benefit as a Participant who submits an Improvement Order. While these Unrelated Orders are not typically submitted on the opposite side of a COPIP Order, they should be charged the appropriate ''add'' fee once they execute against a COPIP Order. Further, the Exchange believes it is reasonable and equitable for a Participant that has submitted the BOX Book Interest to be charged the ''add'' fee when that order executes against a COPIP Order. The Participant receives the benefit of a COPIP execution and would already expect to be charged a fee for adding liquidity under Section II.C. of the Fee Schedule. Therefore the fee would be no different than the fee the Participant was expecting to pay. The Exchange believes that treating non-immediately marketable Unrelated Orders as Improvement Orders is equitable and not unfairly discriminatory because the applicable liquidity fees will apply uniformly to all categories of participants, across all account types.

Complex Order Transaction Fees

As stated above, the Exchange believes treating COPIP transactions in the same manner as PIP transactions for purposes of the BOX Fee Schedule is appropriate. The Exchange proposes to clarify this approach by stating that unlike Complex Orders, COPIP transactions will not be subject to this section.

Regulatory Fees

Finally, the Exchange believes that charging the standard ORF for COPIP transactions is reasonable, equitable and not unfairly discriminatory since the costs to the Exchange to process quotes, orders, trades and implement the necessary regulatory surveillance programs and procedures for these transactions remain the same. The ORF is in place to help the Exchange offset regulatory expenses and the Exchange's cost of supervising and regulating Participants, including performing routine surveillances, and policy, rulemaking, interpretive, and enforcement activities remains the same for COPIP transactions.

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 proposed change is designed to provide greater specificity and precision within the Fee Schedule with respect to the fees that will be applicable to COPIP transactions.

The Exchange believes that adopting COPIP Fees will not impose a burden on competition among various Exchange Participants. The fees proposed are meant to mimic the fees currently assessed on a substantially similar auction mechanism on BOX. Submitting a COPIP 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 the proposed COPIP fees will enhance competition between exchanges because it is designed to allow the Exchange to better compete with other exchanges for Complex Order flow. In this regard, the COPIP is a new mechanism being introduced by the Exchange and BOX is unable to absolutely determine the impact that the COPIP fees proposed herein will have on trading. That said, however, the Exchange believes that the proposed COPIP fees would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed liquidity fees and credits burden competition by creating such a disparity between the fees an Initiating Participant in the COPIP pays and the fees a competitive responder pays that would result in certain participants being unable to compete with initiators. These fees and credits are identical to those for the PIP auction mechanism, which have not had a negative impact on competition. BOX notes that its market model and fees are generally intended to benefit retail customers by providing incentives for Participants to submit their customer order flow to BOX, particularly the PIP and now the COPIP. In fact, the Exchange believes that these changes will not impede these Participants from adding liquidity and competing in the COPIP and will help promote competition by providing incentives for market participants to submit customer order flow to BOX and thus, create a greater opportunity for retail customers to receive additional price improvement.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing exchanges. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 Act [14] and Rule 19b–4(f)(2) thereunder,[15] 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–2014–01 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–BOX–2014–01. 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–2014–01 and should be submitted on or before February 12, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Kevin M. O'Neill,

Deputy Secretary.

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[14] 15 U.S.C. 78s(b)(3)(A)(ii).

[15] 17 CFR 240.19b–4(f)(2).

[16] 17 CFR 200.30–3(a)(12).