ADV.[6] The Exchange believes that the lower volume requirement necessary to achieve the Market Depth Tier 1 justifies its lower rebate. For example, for a Member to qualify for the tier most similar to the Market Depth Tier 1, the Market Depth Tier 2 and receive a rebate of $0.0029 per share, a Member needs to add 10,000,000 shares or more of ADV on a daily basis, measured monthly, and add at least 1,000,000 shares as non-displayed orders that yield Flag HA. For a Member to qualify for the Market Depth Tier 1, a Member must post at least 0.50% of the TCV in ADV on EDGX in total, where at least 1.8 million shares are non-displayed orders that add liquidity to EDGX yielding Flag HA. Based on a TCV of six (6) billion shares, this would amount to 30,000,000 shares for the Market Depth Tier 1 while the Market Depth Tier 2 would require an ADV of 10,000,000 shares. Members seeking to achieve the Market Depth Tier 1 would also be required to post at least 1.8 million shares of non-displayed orders that add liquidity to EDGX yielding Flag HA, whereas the Market Depth Tier 2 would require that Members post 1,000,000 shares of non-displayed orders that add liquidity to EDGX yielding Flag HA.

Lastly, the Exchange believes that its proposal to decrease the rebate offered by the Market Depth Tier 1 is non-discriminatory because the proposed rate would continue to apply uniformly to all Members.

*B. Self-Regulatory Organization's Statement on Burden on Competition*

These proposed rule changes do 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 any of these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor EDGX's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will increase of [sic] decrease4 [sic] intermarket competition or impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange believes that its proposal would neither increase or decrease intramarket competition because the rate for the Market Depth Tier 1 would continue to apply uniformly to all Members and the ability of some Members to meet the tier would only benefit other Members by contributing to increased price discovery and better market quality at the Exchange.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

**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) of the Act[7] and Rule 19b–4(f)(2)[8] thereunder. At any time within 60 days of the filing of such 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.

**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–EDGX–2013–41 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–EDGX–2013–41. 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–EDGX–2013–41 and should be submitted on or before December 3, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[9]

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013–26955 Filed 11–8–13; 8:45 am]

**BILLING CODE 8011–01–P**

---

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–70805; File No. SR–BOX–2013–51]**

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule on BOX

November 5, 2013.

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 October 31, 2013, 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

[6] *See* Securities Exchange Act Release No. 69911 (July 2, 2013), 78 FR 41132 (July 9, 2013) (SR–EDGX–2013–25).

[7] 15 U.S.C. 78s(b)(3)(A).

[8] 17 CFR 240.19b–4 (f)(2).

[9] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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 for trading 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 November 1, 2013. 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 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. In particular, the Exchange proposes to amend certain Exchange Fees for Professionals and Broker Dealers and adjust the Tiered Auction Transaction Fees for Initiating Participants based upon monthly average daily volume (ADV) as set forth in Section I of the Fee Schedule. Additionally, the Exchange proposes to increase the existing liquidity fees and credits for certain PIP Transactions within Section II of the Fee Schedule.

In Section I., Exchange Fees, the Exchange proposes to increase Auction Transaction[5] fees for Professional Customers and Broker Dealers to $0.37 from $0.35. For Non-Auction Transactions, the Exchange proposes to increase Professional Customer and Broker Dealer fees to $0.42 from $0.40. The Exchange notes that the proposed fees for Professionals are within the range of fees presently assessed in the industry.[6]

In Section I.A., Auction Transaction Tiered Fee Schedule for Initiating Participant based upon Monthly Average Daily Volume (''ADV'') in Auction Transactions, the Exchange proposes to remove the top two volume tiers and lower the per contract fees within each of the remaining tiers. The Exchange currently gives volume incentives for auction transactions to Initiating Participants that, on a daily basis, trade an average daily volume, as calculated at the end of the month, of more than 5,000 contracts on BOX. The new per contract fee for Initiating Participants in Auction Transactions set forth in Section I.A. of the BOX Fee Schedule will be as follows:

| Initiating participant monthly ADV in auction transactions | Per contract fee (all account types) |
|---|---|
| ≥50,001 | $0.03 |
| 20,001 to 50,000 contracts | 0.12 |
| 10,001 to 20,000 contracts | 0.20 |
| 5,001 to 10,000 contracts | 0.25 |
| 1 to 5,000 contracts | 0.30 |

In Section II., Liquidity Fees and Credits, the Exchange proposes to increase the fees and credits for PIP Transactions in classes with a minimum price variation of $0.01 (i.e., Penny Pilot classes where the trade price is less than $3.00 and all series in QQQ, SPY, and IWM). Currently transactions in the BOX PIP are either assessed a fee for adding liquidity or provided a credit for removing liquidity regardless of account type.[7] PIP Orders (i.e., the agency orders opposite the Primary Improvement Order[8]) receive the ''removal'' credit and Improvement Orders[9] are charged the ''add'' fee. For orders that remove liquidity from the BOX Book, the Exchange proposes to raise the Penny Pilot class per contract credit to $0.35 from $0.30. Accordingly, for orders that add liquidity to the BOX Book, the Exchange also proposes to raise the Penny Pilot class per contract fee to $0.35 from $0.30

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,[10] 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.

*Exchange Fees*

The Exchange believes that raising the per executed contract fee for Professionals and Broker-Dealers in both Auction Transactions and non-Auction Transactions is reasonable, equitable and not unfairly discriminatory. BOX simply aims to recover costs incurred by assessing Professionals and Broker-Dealers a market competitive fee. Further, the proposed fees charged to Professionals and Broker-Dealers have been designed to be comparable to the fees that such accounts would be charged at competing venues. Finally, the Exchange believes that charging Professionals and Broker-Dealers the same fee for all 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 it is equitable and not unfairly discriminatory that Public Customers be charged lower fees in both Auction Transactions and non-Auction Transactions than Professionals and Broker-Dealers. 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. The Exchange also believes it is equitable and not unfairly discriminatory for BOX Market Makers

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

[4] 17 CFR 240.19b–4(f)(2).

[5] Auction Transactions are those transactions executed through the Price Improvement Period (''PIP''), Solicitation, and Facilitation auction mechanisms.

[6] For example, on the NASDAQ Options Market (''NOM''), in non-Penny Pilot securities both Professional Customers and Broker Dealers are charged $0.45 per contract for adding liquidity and $0.89 for removing liquidity. In Penny Pilot securities, Professional Customers are credited $0.25 to $0.48 (depending on ADV) for adding liquidity and charged $0.48 for removing liquidity; while Broker Dealers are credited $0.10 for adding liquidity and charged $0.48 for removing liquidity. *See* the NOM Fee Schedule, available at: *http://www.nasdaqtrader.com/Micro.aspx?id=OptionsPricing*

[7] *See* Section II of the BOX Fee Schedule.

[8] A Primary Improvement Order is the matching contra order submitted to the PIP on the opposite side of an agency order.

[9] An Improvement Order is a response to a PIP auction.

[10] 15 U.S.C. 78f(b)(4) and (5).

to be charged lower Exchange fees than those charged to Professional Customers and Broker Dealers. Market Makers have obligations that other Participants do not. In particular, they must maintain active two-sided markets in the classes in which they are appointed, and must meet certain minimum quoting requirements.

Secondly, the Exchange believes its proposed amendments to the tiered fee structure for Initiating Participants in Auction Transactions are reasonable, equitable and not unfairly discriminatory. The reduced fees related to trading activity in BOX Auction Transactions are available to all BOX Options Participants that initiate Auction Transactions, and they may choose whether or not to trade on BOX to take advantage of the discounted fees for doing so. The Exchange also believes that amending the volume discounts to Options Participants initiating Auction Transactions is reasonable as Participants will benefit from the opportunity to aggregate their trading in the BOX Auction mechanisms to more easily attain a discounted fee tier.

The Exchange believes it is appropriate to provide an incentive to BOX Participants to submit their customer orders to BOX, particularly into the PIP for potential price improvement. Such a discount will limit the exposure Initiating Participants have to Section II fees, where they are charged a fee for adding liquidity should their principal order execute against the customer order in any BOX Auction Transaction. The Exchange believes that lowering the fees in this tiered fee structure will attract more order flow to BOX, providing greater potential liquidity within the overall BOX market and its auction mechanisms, to the benefit of all BOX market participants.

*Liquidity Fees and Credits*

The Exchange believes that it is equitable and not unfairly discriminatory to increase the fees and credits for PIP Transactions in classes with a minimum price variation of $0.01 (i.e., Penny Pilot classes where the trade price is less than $3.00 and all series in QQQ, SPY, and IWM). Such fees and credits apply uniformly to all categories of Participants, across all account types.

The Exchange believes it is reasonable to raise the liquidity fees and credits for PIP transactions in these classes. 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 to attract order flow. The Exchange believes it is appropriate to provide incentives to market participants to use PIP, because doing so may result in potential benefit to customers through price improvement, and to all market participants from greater liquidity on BOX.

As stated above, BOX operates within a highly competitive market in which market participants can readily direct order flow to any of the other competing venues if they deem fees at a particular venue to be excessive. The Exchange believes that these higher PIP transaction fees and credits are fair and reasonable and must be competitive with fees and credits in place on other exchanges.

*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 Exchange believes the proposed fee changes are reasonably designed to enhance competition in BOX transactions, particularly auction transactions.

The proposed rule change raises the fees charged to Broker Dealers and Professional Customers in both Auction and non-Auction transactions, which the Exchange believes does not impose a burden on competition because all transactions for these Participants are affected to the same extent. Further, the Exchange fees for Broker Dealers and Professional Customer will continue to be identical.

The proposed rule change also modifies the tiered fees charged to Initiating Participants based on their monthly ADV in Auction Transactions, and raises the liquidity fees and credits for certain PIP transactions. 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, and to the PIP in particular. 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 pays and the fees a competitive responder pays that would result in certain participants being unable to compete with initiators. In fact, the Exchange believes that these changes will not impair these Participants from adding liquidity and competing in Auction Transactions 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.

*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 [11] and Rule 19b–4(f)(2) thereunder,[12] 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–2013–51 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–2013–51. This file number should be included on the

[11] 15 U.S.C. 78s(b)(3)(A)(ii).

[12] 17 CFR 240.19b–4(f)(2).

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–2013–51 and should be submitted on or before December 3, 2013.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013–26933 Filed 11–8–13; 8:45 am]

**BILLING CODE 8011–01–P**

[13] 17 CFR 200.30–3(a)(12).

---

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–70806; File No. SR–CBOE–2013–100]**

## Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to CBSX Trading Permit Holder Eligibility

November 5, 2013.

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 October 23, 2013, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") 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 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 adopt a CBOE Stock Exchange, LLC ("CBSX") rule regarding eligibility for CBSX Trading Permit Holders. The text of the proposed rule change to [sic] is also available on the Exchange's Web site (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

### 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

CBSX is a stock execution facility of CBOE. Therefore, CBOE, as a self-regulatory organization, conducts surveillance of trading on CBSX, and surveils and examines the securities-related operations of its Trading Permit Holders for compliance with CBSX Rules and the federal securities laws, rules and regulations. The Exchange proposes to add CBSX Rule 50.4A.[3]

Proposed CBSX Rule 50.4A provides that a CBSX Trading Permit Holder may become or remain a CBSX Trading Permit Holder only if it is a member of a national securities association.[4] All CBSX Trading Permit Holders that are effective as of the approval date of this filing shall have six months from the date of approval of this rule filing to become a member of a national securities association. The proposed rule also provides that CBSX will terminate, upon written notice, the Trading Permit Holder status of any CBSX Trading Permit Holder that fails to meet this requirement.[5]

CBSX Trading Permit Holders may submit orders to other trading venues as customers through executing broker-dealers, which are ultimately executed on those other trading venues ("away-trading activity"). Because away-trading activity does not occur on CBSX's market, CBOE does not have access to all necessary order and trade information for this trading activity, as it does for trading activity done directly on CBSX, from which it can directly conduct systematic surveillance reviews.[6] As such, the Exchange believes that the proposed CBSX Trading Permit Holder eligibility requirement will enhance the general regulatory oversight of CBSX Trading Permit Holders and their away trading activity.

More specifically, FINRA rules currently require each FINRA member to submit order data for its trading activity on all trading venues (including its away-trading activity) to FINRA on a regular basis.[7] Through this audit trail, FINRA has the necessary information

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The proposed Rule also furthers compliance with Undertaking O of the June 11, 2013 Order Instituting Administrative and a Cease-and-Desist Proceedings ("Order") involving CBOE and its affiliate exchange, C2 Options Exchange, Incorporated ("C2"). Undertaking O requires CBOE to enhance its regulation of CBSX-only Trading Permit Holders, *i.e.,* Trading Permit Holders that are not CBOE Trading Permit Holders or members of another national securities exchange or a national securities association ("CBSX-Only Trading Permit Holders"). The proposed rule change is only one component of the Exchange's effort to enhance its regulation of all CBSX Trading Permit Holders, including CBSX-Only Trading Permit Holders, and to satisfy Undertaking O. Although there will technically no longer be any CBSX-Only Trading Permit Holders if the proposed rule change is approved, the Exchange still believes the proposed rule change will enhance the general regulatory oversight of CBSX Trading Permit Holders, including those former CBSX-Only Trading Permit Holders, as further described in this filing.

[4] Currently, Financial Industry Regulatory Authority, Inc. ("FINRA") is the only registered national securities association.

[5] The Exchange notes that the termination of the Trading Permit Holder status of a CBSX Trading Permit Holder, that is also a CBOE Trading Permit Holder, in accordance with proposed Rule 50.4A, will not affect that CBSX Trading Permit Holder's status as a CBOE Trading Permit Holder.

[6] The Exchange notes that as a member of the Intermarket Surveillance Group ("ISG"), the Exchange receives an equity audit trail of all equity market orders and trade information for away-trading activity. However, the equity audit trail the Exchange receives does not provide the granular level of detail to denote when a CBSX Trading Permit Holder is executing a trade as a customer through another broker dealer on an away market. Without such granular information, the Exchange is limited in the reviews it can conduct of this away activity.

[7] *See, e.g.,* FINRA Rules 7440 and 7450.