

provides that such an amendment will be effective when the amendment is approved by the Commission or otherwise becomes effective pursuant to Section 11A of the Act and Rule 608 thereunder.

## II. Effectiveness of the Linkage Plan Amendment

The foregoing Plan amendment has become effective pursuant to Rule 608(b)(3)(iii)<sup>8</sup> because it involves solely technical or ministerial matters. At any time within sixty days of the filing of this amendment, the Commission may summarily abrogate the amendment and require that it be refiled pursuant to paragraph (a)(1) of Rule 608,<sup>9</sup> if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors or the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system or otherwise in furtherance of the purposes of the Act.

## III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the amendment 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](mailto:rule-comments@sec.gov). Please include File Number 4-546 on the subject line.

### Paper Comments

• Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number 4-546. 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 amendment 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 MIA X PEARL. 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 4-546 and should be submitted on or before February 24, 2017.

By the Commission.

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79900; File No. SR-BOX-2017-06]

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 7150 (The Price Improvement Period ("PIP"))

January 30, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 18, 2017, 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 7150 (The Price Improvement Period ("PIP")). 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 purpose of the proposed rule change is to amend Rule 7150 (The Price Improvement Period ("PIP")) to provide that if at the start of the auction the quoted NBBO spread is less than or equal to a \$0.01, only PIP Orders for less than 50 contracts will be rejected.

The Exchange recently filed to amend the BOX Rules to make permanent the pilot programs that permit the Exchange to have no minimum size requirement for orders entered into the PIP ("PIP Pilot Program") and COPIP ("COPIP Pilot Program"), collectively known as the ("Programs").<sup>3</sup> As part of this filing, BOX also modified the requirements for the PIP to specify where the National Best Bid and Offer ("NBBO") spread is less than equal to \$0.01, the PIP Order and corresponding Primary Improvement Order will be rejected.

The Exchange now proposes to modify the requirements of the PIP to specify where the NBBO spread is less than or equal to \$0.01; only PIP Orders for less than 50 contracts will be rejected. This is a competitive filing based on the price improvement auction proposed rules of the Miami International Securities Exchange, LLC ("MIA X").<sup>4</sup> Specifically, under MIA X Rule 515A(a)(1)(iii), with respect to Agency Orders that have a size of less than 50 contracts, if at the receipt of the Agency Order, the NBBO has a bid/ask differential of \$0.01, the System will reject the Agency Order. Further,

<sup>3</sup> See Securities Exchange Act Release No. 79531 (December 12, 2016), 81 FR 91227 (December 16, 2016) (SR-BOX-2016-58).

<sup>4</sup> See Securities Exchange Act Release No. 79500 (December 7, 2016), 81 FR 90030 (December 13, 2016). See also MIA X Rule 515A.(a)(1)(iii).

<sup>8</sup> 17 CFR 242.608(b)(3)(iii).

<sup>9</sup> 17 CFR 242.608(a)(1).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Agency Orders with a size of under 50 contracts will be accepted and processed by the MIA System when the NBBO bid/ask differential is greater than \$0.01.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>5</sup> in general, and Section 6(b)(5) of the Act,<sup>6</sup> 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.

The proposed rule change will allow PIP auctions of 50 or more contracts to continue without restriction on NBBO spread. The Exchange believes this removes impediments to and better provides for a free and open market. As such, BOX believes the proposed rule change is in the public interest, and therefore, consistent with the Act. The Exchange also notes that the proposal would provide increased opportunities for increased price improvements for these types of orders which will benefit market participants engaging in the PIP auctions.

Additionally, as set forth above, the Exchange believes this proposed change is reasonable and appropriate as it is based on the rules of another exchange.<sup>7</sup>

### 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. To the contrary, the proposal is pro-competitive because it will enable the Exchange to better compete with another options exchange that allows PIP Orders of more than 50 contracts to trade when the NBBO spread is \$0.01 or less.<sup>8</sup>

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

The Exchange has neither solicited nor received comments on the proposed rule change.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>11</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange requests that the Commission waive the 30-day operative delay so that the changes can be implemented immediately. The Exchange states that waiver of the operative delay is consistent with the protection of investors and the public interest because it will promote fair competition among the exchanges by allowing the Exchange to adjust the PIP rules to provide that if at the start of the auction the quoted NBBO spread is less than or equal to a \$0.01, only PIP Orders for less than 50 contracts will be rejected. The Exchange also states that the proposed rule change is substantially similar to the rules in place at another options exchange.<sup>12</sup> For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission designates the proposed rule change operative upon filing.<sup>13</sup>

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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2017-06 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-2017-06. 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, on official business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street NE., Washington, DC 20549. 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-2017-06 and should be submitted on or before February 24, 2017.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission deems this requirement to have been met.

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</sup> See *supra* note 4.

<sup>13</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> See *supra* note 4.

<sup>8</sup> *Id.*

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

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2017-02261 Filed 2-2-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79899; File No. SR-CBOE-2016-080]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend CBOE Rule 6.53C

January 30, 2017.

#### I. Introduction

On November 17, 2016, Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend CBOE Rule 6.53C, Interpretation and Policy .10, to provide for the electronic trading of complex orders consisting of series authorized for trading on the Hybrid 3.0 Platform and series authorized for trading on the Hybrid Trading System (“Hybrid” or “Hybrid Trading System”). The proposed rule change was published for comment in the **Federal Register** on December 2, 2016.<sup>3</sup> The Commission received no comment letters regarding the proposed rule change. On December 30, 2016, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> On January 12, 2017, the

Commission extended the time for Commission consideration of the proposal until March 2, 2017.<sup>5</sup> This order provides notice of filing of Amendment No. 1 and approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

#### II. Description of the Proposed Rule Change

Currently, there are two trading platforms operating on CBOE’s trade engine, CBOE Command: (i) Hybrid; and (ii) the Hybrid 3.0 Platform.<sup>6</sup> For each Hybrid 3.0 class, CBOE may determine to authorize a group of series of the class for trading on Hybrid.<sup>7</sup> CBOE may establish Hybrid trading parameters for such a group on a group basis to the extent that CBOE’s rules otherwise allow CBOE to establish such trading parameters on a class basis.<sup>8</sup> Currently, options on the Standard & Poor’s 500 Index (“S&P 500”), trading under the symbol SPX, are the only Hybrid 3.0

a comment letter to the file, which the Commission posted on its Web site and placed in the public comment file for CBOE-2016-080 (available at <https://www.sec.gov/comments/sr-cboe-2016-080/cboe2016080-1454634-130131.pdf>). CBOE also posted a copy of its Amendment No. 1 on its Web site ([http://www.cboe.com/framed/PDF/framed.aspx?content=/publish/RuleFilingsSEC/SR-CBOE-2016-080.a1.pdf&section=SEC\\_ABOUT\\_CBOE\\_BOD&title=Proposal+Regarding+Complex+Orders+Consisting+of+SPX+Options+Series+and+SPXW+Options+Series](http://www.cboe.com/framed/PDF/framed.aspx?content=/publish/RuleFilingsSEC/SR-CBOE-2016-080.a1.pdf&section=SEC_ABOUT_CBOE_BOD&title=Proposal+Regarding+Complex+Orders+Consisting+of+SPX+Options+Series+and+SPXW+Options+Series)) when it filed Amendment No. 1 with the Commission.

<sup>5</sup> See Securities Exchange Act Release No. 79783 (January 12, 2017), 82 FR 6673 (January 19, 2017).

<sup>6</sup> See Notice, 81 FR at 87103. As described more fully in the Notice, CBOE introduced Hybrid, an electronic trading platform integrated with CBOE’s floor-based open-outcry auction market, in 2003. See Securities Exchange Act Release No. 47959 (May 30, 2003), 68 FR 34441 (June 9, 2003) (order approving File No. SR CBOE-2002-05). CBOE subsequently implemented an enhanced version of Hybrid, known as Hybrid 2.0, which allows remote quoting in option classes. See Securities Exchange Act Release No. 50003 (July 12, 2004), 69 FR 43028 (July 19, 2004) (order approving File No. SR-CBOE-2004-24). CBOE later implemented the Hybrid 3.0 Platform, a trading platform on Hybrid that allows one or more quoters to submit electronic quotes that represent the aggregate Market Maker quotation interest in a series for the trading crowd. See Securities Exchange Act Release No. 55874 (June 7, 2007), 72 FR 32688 (June 13, 2007) (order approving File No. SR-CBOE-2006-101). In 2008, CBOE removed the distinction between Hybrid and Hybrid 2.0 classes and deleted references to the Hybrid 2.0 platform because CBOE migrated all option classes, other than classes traded on the Hybrid 3.0 Platform, from Hybrid to Hybrid 2.0. See Securities Exchange Act Release No. 58153 (July 14, 2008), 73 FR 41386 (July 18, 2008) (notice of filing and immediate effectiveness of File No. SR-CBOE-2008-067). Following the removal of the Hybrid 2.0 distinction, all options classes, other than those trading on the Hybrid 3.0 Platform, have been referred to as Hybrid classes trading on the Hybrid Trading System.

<sup>7</sup> See CBOE Rule 8.14, Interpretation and Policy .01.

<sup>8</sup> See CBOE Rule 8.14, Interpretation and Policy .01(c).

Platform class.<sup>9</sup> CBOE has authorized a group of series within the S&P 500 options class, trading under the symbol SPXW, to trade on Hybrid.<sup>10</sup> The SPX options series, which trade on the Hybrid 3.0 Platform, are a.m.-settled contracts with standard third Friday expirations.<sup>11</sup> The SPXW options series, which trade on Hybrid, are p.m.-settled contracts with non-standard expirations.<sup>12</sup>

Currently, when CBOE receives a complex order consisting of both SPX and SPXW options series (an “SPX/SPXW order”) during regular trading hours, the order is routed to a PAR workstation pursuant to CBOE Rule 6.12(a)(1) to provide an opportunity for the order to trade in open outcry.<sup>13</sup> If CBOE receives an SPX/SPXW order during extended trading hours, the order is rejected back to the sender.<sup>14</sup> CBOE handles SPX/SPXW orders in this manner because its system currently cannot accept complex orders consisting of series that trade on different trading platforms.<sup>15</sup> CBOE is updating its system to accept SPX/SPXW orders so they will be able to trade with other SPX/SPXW orders electronically during regular trading hours and extended trading hours.<sup>16</sup> As described in more detail below, the proposal amends CBOE’s rules to specify the manner in which SPX/SPXW orders, and any other complex orders consisting of series that trade on Hybrid and on the Hybrid 3.0 Platform, will be executed electronically.<sup>17</sup>

CBOE Rule 6.53C, Interpretation and Policy .10 provides rules governing the execution of complex orders in Hybrid 3.0 classes trading on the Hybrid 3.0 Platform. CBOE proposes to amend CBOE Rule 6.53C, Interpretation and Policy .10 to provide that if CBOE authorizes a group of series of a Hybrid 3.0 class for trading on Hybrid pursuant to CBOE Rule 8.14, Interpretation and Policy .01, CBOE Rule 6.53C, Interpretation and Policy .10 will apply to a complex order with at least one leg in a series from the group authorized for trading on the Hybrid 3.0 Platform, including if the order has another leg(s)

<sup>9</sup> See CBOE Rule 8.3(c)(iii).

<sup>10</sup> See Notice, 81 FR at 87103.

<sup>11</sup> See *id.* at 87103-87104.

<sup>12</sup> See *id.* at 87104.

<sup>13</sup> See *id.*

<sup>14</sup> See *id.* See also CBOE Rule 6.1A(b) and RG15-013.

<sup>15</sup> See Notice, 81 FR at 87104.

<sup>16</sup> See *id.*

<sup>17</sup> Although the proposal focuses on SPX/SPXW orders, the proposed rules will apply to all complex orders consisting of series that trade on Hybrid and series that trade on the Hybrid 3.0 Platform. See Notice, 81 FR at 87104. See also CBOE Rule 6.53C, Interpretation and Policy .10.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 79406 (November 28, 2016), 81 FR 87102 (“Notice”).

<sup>4</sup> As discussed more fully below, Amendment No. 1 revises the proposal to describe the treatment of an SPX/SPXW order resting on the complex order book (“COB”) that becomes marketable against orders residing in the EBook for the individual legs of the order; indicate when an incoming SPX/SPXW order will be subject to a complex order auction (“COA”); indicate that non-customer SPX/SPXW orders that are marketable upon receipt will not be COA-eligible; describe the treatment of SPX/SPXW orders during extended trading hours; and indicate that CBOE will announce the implementation date of the proposal via Regulatory Circular at least seven days prior to the implementation date. To promote transparency of its proposed amendment, when CBOE filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 as