

ICE Clear Europe's proposed rule change.

Accordingly, the Commission, pursuant to Section 19(b)(2)<sup>5</sup> of the Act, designates February 15, 2018, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-ICEEU-2017-011).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Brent J. Fields,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82273; File No. SR-CBOE-2017-040]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 2 to the Proposed Rule Change To Amend the Schedule of Fees and Assessments To Adopt a Fee Schedule To Establish Fees for Industry Members Related to the National Market System Plan Governing the Consolidated Audit Trail

December 11, 2017.

#### *Correction*

In notice document 2017-26995, appearing on pages 59683-59685, in the issue of Friday, December 15, 2017, please note the following correction:

On page 59685, in the second column, in the tenth line from the top, "January 5, 2017" should read "January 5, 2018".

[FR Doc. C1-2017-26995 Filed 12-29-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82407; File No. SR-BOX-2017-39]

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Adjust the QOO Order Rebate

December 27, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

"Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 22, 2017, BOX Options Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("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,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 the 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 amend the Fee Schedule [sic]. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on January 2, 2018. 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 website 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, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend the Fee Schedule for trading on BOX to amend section II.C, QOO Order Rebate. Specifically, the Exchange proposes to adjust the QOO Order Rebate from \$0.05

per contract to \$0.075 per contract for all QOO Orders presented to the Trading Floor. The Exchange notes that it is not making any other changes to the rebate and that the QOO rebate will continue to apply to both sides of the QOO Order. The rebate will not apply to Public Customer executions, executions subject to the Strategy QOO Order Fee Cap, and Broker Dealer executions where the Broker Dealer is facilitating a Public Customer. Further, the total monthly rebate for Broker Dealer executions will continue to be capped at \$30,000 per month per Broker Dealer.

###### 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,<sup>5</sup> 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 change to the QOO Order Rebate for Floor Brokers is reasonable, equitable and not unfairly discriminatory.

The Exchange notes that it does not offer a front-end order entry on the Trading Floor, unlike some competing exchanges. The Exchange notes that Participants have two possible means of bringing orders to the Exchange's Trading Floor for possible execution: (1) They can invest in the technology, systems and personnel to participate on the Trading Floor and deliver the order to the Exchange matching engines for validation and execution; or (2) they can utilize the services of another Participant acting as a Floor Broker. The Exchange believes that increasing the rebate will allow Floor Brokers to price their services at a level that would enable them to attract QOO order flow from participants who would otherwise utilize the front-end order entry mechanism offered by the Exchange's competitors instead of incurring the cost in time and resources to install and develop their own internal systems to deliver QOO orders directly to the Exchange system. As such, the Exchange believes it is necessary from a competitive standpoint to continue to offer this rebate to the executing Floor Broker on a QOO Order. Further, the Exchange believes that the QOO Order Rebate is reasonable as it is similar to a rebate program offered to Floor Brokers

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

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

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

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

<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(31).

on a competing exchange.<sup>6</sup> Similar to the Floor Broker Rebate for Executed QCC Transactions on Arca, BOX's QOO Order Rebate is applied to both sides of the paired order and is directed to the Floor Broker, and not to the Participant who is assessed the QOO Order fee. Finally, similar to the BOX QOO Rebate, the NYSE Arca QCC rebate is only applied when the Floor Broker executes the QCC Order manually on the NYSE Arca trading floor. No rebate is given when the QCC Order is executed electronically.

The Exchange believes that this rebate structure is appropriate as it allows Floor Brokers to price their services at a level that would enable them to attract QOO order flow from participants who would otherwise utilize the front-end order entry mechanism offered by the Exchange's competitors instead of incurring the cost in time and resources to install and develop their own internal systems to deliver QOO orders directly to the Exchange system.

Lastly, the Exchange believes that the increased rebate is reasonable and appropriate. The BOX Trading Floor is a new functionality for the Exchange, and assessing a higher rebate will help generate additional trading on the BOX Trading Floor. The Exchange believes that the proposed rebate reflects a competitive environment and falls in line with rebate levels assessed on another options exchange in the industry.<sup>7</sup>

The Exchange believes that it is equitable and not unfairly discriminatory to only apply the rebate to Floor Brokers and not to Floor Market Makers. Floor Market Makers only represent their own interest on the Trading Floor and therefore do not need additional incentive. Further, the Exchange believes it is equitable and not unfairly discriminatory to not apply the rebate to Public Customer executions or Broker Dealer executions where the Broker Dealer is facilitating a Public Customer, as these executions are not assessed a fee for their QOO Orders. Further, the Exchange believes it is equitable and not unfairly discriminatory to continue to not apply the rebate to executions subject to the Strategy QOO Order Fee Cap because additional incentives for these orders are not necessary.

<sup>6</sup> See NYSE Arca, Qualified Contingent Cross ("QCC") Transactions Fees and Rebate. The Floor Broker Rebate for Executed Orders is a flat rebate and is applied to both sides of the QCC Order except when a Customer is on both sides of the QCC transaction.

<sup>7</sup> See NASDAQ [sic] PHLX LLC ("Phlx") Pricing Schedule. Phlx assesses a per contract rebate for QCC transactions ranging from \$0.00 to \$0.11.

#### *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 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, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is limited. For the reasons discussed above, the Exchange believes that the proposed changes do not impose an undue burden on competition.

Further, the Exchange does not believe that offering a rebate to Floor Brokers will impose an undue burden on intra-market competition because all Floor Brokers are eligible to transact QOO Orders and receive a rebate. Further, the Exchange believes that the rebate will promote competition by allowing Floor Brokers to competitively price their services and for the Exchange to remain competitive with other exchanges that offer front-end order entry on their trading floors.

#### *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<sup>8</sup> and Rule 19b-4(f)(2) thereunder,<sup>9</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2017-39 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-2017-39. 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 website (<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 website 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2017-39, and should be submitted on or before January 23, 2018.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2017-28309 Filed 12-29-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82401; File No. SR-CboeBZX-2017-014]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on the Cboe BZX Exchange, Inc. Equity Options Platform

December 26, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 12, 2017, Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change 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 filed a proposal to amend its fees and rebates applicable to Members<sup>5</sup> and non-Members of the Exchange pursuant to BZX Rule 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange’s website at [www.markets.cboe.com](http://www.markets.cboe.com), at the principal office of the Exchange, 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 parts of such statements.

##### A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend its fee schedule for its equity options platform (“BZX Options”) to adopt a new Firm,<sup>6</sup> Broker Dealer<sup>7</sup> and Joint Back Office<sup>8</sup> Penny Pilot<sup>9</sup> Add Volume Tier under footnote 2, effective immediately.<sup>10</sup>

The Exchange currently offers one Firm, Broker Dealer and Joint Back Office Penny Add Volume Tier under footnote 2, which provides an enhanced rebate of \$0.46 per contract for qualifying orders that add liquidity in Penny Pilot Securities and yield fee code PF.<sup>11</sup> The Exchange now proposes to add a new Tier 1 and to re-number current Tier 1 as Tier 2.

Currently under Tier 1, to be re-numbered as Tier 2, a Member’s orders

<sup>6</sup> “Firm” applies to any transaction identified by a Member for clearing in the Firm range at the OCC, excluding any Joint Back Office transaction. See the Exchange’s fee schedule available at [http://markets.cboe.com/us/options/membership/fee\\_schedule/bzx/](http://markets.cboe.com/us/options/membership/fee_schedule/bzx/).

<sup>7</sup> “Broker Dealer” applies to any order for the account of a broker dealer, including a foreign broker dealer, that clears in the Customer range at the Options Clearing Corporation (“OCC”). See *id.*

<sup>8</sup> “Joint Back Office” applies to any transaction identified by a Member for clearing in the Firm range at the OCC that is identified with an origin code as Joint Back Office. A Joint Back Office participant is a Member that maintains a Joint Back Office arrangement with a clearing broker-dealer. See *id.*

<sup>9</sup> “Penny Pilot Securities” are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

<sup>10</sup> The Exchange initially filed the proposed rule changes on December 1, 2017 (SR-CboeBZX-2017-10). On December 12, 2017 the Exchange withdrew SR-CboeBZX-2017-10 and then subsequently submitted this filing (SR-CboeBZX-2017-14).

<sup>11</sup> Fee code PF is appended to Firm, Broker Dealer and Joint Back Office orders in Penny Pilot Securities that add liquidity. Orders that yield fee code PF are provided a standard rebate of \$0.25 per contract. See the Exchange’s fee schedule available at [http://markets.cboe.com/us/options/membership/fee\\_schedule/bzx/](http://markets.cboe.com/us/options/membership/fee_schedule/bzx/).

that yield fee code PF receive an enhanced rebate of \$0.46 per contract where the Member has an: (i) ADAV<sup>12</sup> in Away Market Maker<sup>13</sup>, Firm, Broker Dealer and Joint Back Office orders greater than or equal to 1.05% of average OCV<sup>14</sup>; and (ii) ADV<sup>15</sup> equal to or greater than 1.95% of average OCV. The Exchange proposes to adopt new Tier 1, which would be similar to re-numbered Tier 2 but would have lower criteria (but with different qualifying volume, as described below) and a lower rebate. In order to provide an incentive to encourage additional participation by Members that do not participate on the Exchange as Market Makers or Away Market Makers, new Tier 1 would not take Away Market Maker volume into account for purposes of the Tier calculation. Specifically, pursuant to new Tier 1 a Member’s orders that yield fee code PF would receive an enhanced rebate of \$0.38 per contract where the Member has an ADAV in Firm, Broker Dealer and Joint Back Office orders greater than or equal to 0.20% of average OCV.

##### Implementation Date

The Exchange proposes to implement the above changes to its fee schedule immediately.

##### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,<sup>16</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>17</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that the proposed modification to the Exchange’s tiered pricing structure is reasonable, fair and equitable, and non-discriminatory. The Exchange operates in a highly competitive market in which

<sup>12</sup> “ADAV” means average daily added volume calculated as the number of contracts added per day. See *id.*

<sup>13</sup> “Away Market Maker” applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is not registered with the Exchange as a Market Maker, but is registered as a market maker on another options exchange. See *id.*

<sup>14</sup> “OCV” means the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation (“OCC”) for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close. See *id.*

<sup>15</sup> “ADV” means average daily volume calculated as the number of contracts added or removed, combined, per day. See *id.*

<sup>16</sup> 15 U.S.C. 78f.

<sup>17</sup> 15 U.S.C. 78f(b)(4).

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

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

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

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

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).