

Notice, and in Amendment No. 1 to the proposed rule change. The Commission notes that a commenter has expressed support for the proposal.³⁸ The Commission further notes that the Fund and the Shares must comply with the requirements of Nasdaq Rule 5735, including those set forth in this proposed rule change, as modified by Amendment No. 1 thereto, to be listed and traded on the Exchange on an initial and continuing basis.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1 thereto, is consistent with Section 6(b)(5) of the Act³⁹ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁰ that the proposed rule change (SR-NASDAQ-2016-030), as modified by Amendment No. 1 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴¹

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77692; File No. SR-BOX-2016-16]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To (i) Amend BOX Rule 7280 (Bulk Cancellation of Trading Interest) To Adopt a Kill Switch and (ii) Amend BOX Rule 7110 (Order Entry) To Modify the Circumstances That Will Prevent a Session Order From Being Cancelled

April 22, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 11, 2016, BOX Options Exchange LLC (“BOX” or 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 the Substance of the Proposed Rule Change

The Exchange proposes to (i) amend BOX Rule 7280 (Bulk Cancellation of Trading Interest) to adopt a Kill Switch and (ii) amend BOX Rule 7110 (Order Entry) to modify the circumstances that will prevent a Session Order from being cancelled. 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 Exchange is proposing enhancements to the risk controls on the Exchange. Specifically, the Exchange is proposing to amend BOX Rule 7280 (Bulk Cancellation of Trading Interest) to adopt a Kill Switch and to also amend BOX Rule 7110 (Order Entry) to modify the circumstances that will prevent a Session Order from being cancelled.

Kill Switch

The Exchange proposes to amend Rule 7280 (Bulk Cancellation of Trading Interest) to add new section (b) to adopt the Kill Switch. The Kill Switch will be an optional tool that enables Participants to initiate a message to the BOX system to remove a Participant’s quotes and/or cancel the Participant’s orders. When submitting a request to the system to remove/cancel quotes and/or orders, a Participant must provide the Options Participant identification

number (“Participant ID”). Additionally, the Participant may, but is not required to, specify a specific underlying security, class, or account type when requesting the system to remove/cancel quotes and/or orders. The system will send an automated message to the Participant when a Kill Switch request has been processed by the system. A Participant may also call the MOC³ directly to request initiation of the Kill Switch if the Participant is not able to send the message to the BOX system directly.

When submitting a message to the system to initiate the Kill Switch, Participants may specify a lock-out instruction. The lock-out instruction prevents the entering of any additional orders and/or quotes from the specific Participant ID until re-entry has been enabled. If a lock-out is requested, all orders and quotes that originate from the Participant ID will be canceled, regardless of any other instructions in the message or any additional messages sent to the system. The Participant ID will remain locked-out until the Participant makes a verbal request to the MOC to re-enable the Participant ID.

Session Orders

The Exchange currently offers a Session Order designation.⁴ An order with a Session Order designation will remain active in the BOX trading system until one of the following events (“Triggering Event”) occurs: (1) The connection between the Participant and BOX that was used to enter the order is interrupted; (2) there is a disconnection between internal BOX components used to process orders, causing a component to lose its connection to the Participant or the Trading Host⁵ while in possession of the Session Order; (3) a component of the Trading Host experiences a system error in which it is unable to process open orders while in possession of the Session Order.

Currently, a Session Order will not be cancelled and shall remain active if the order is not allowed to be cancelled pursuant to another Exchange Rule or it is being processed under certain Exchange Rules when the Triggering Event occurs. Specifically, the Session Order will not be cancelled when: (1) The order is being exposed to the BOX market pursuant to Rule 7130(b); (2) the order is a Directed Order to which the

³ The term “MOC” or “Market Operations Center” means the BOX Market Operations Center, which provides market support for Options Participants during the trading day.

⁴ See Rule 7110(e)(1)(iii).

⁵ The term “Trading Host” means the automated trading system used by BOX for the trading of options contracts.

³⁸ See Anonymous Letter, *supra* note 4.

³⁹ 15 U.S.C. 78f(b)(5).

⁴⁰ 15 U.S.C. 78s(b)(2).

⁴¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Executing Participant (“EP”) has not yet responded pursuant to Rule 8040(d)(2); or (3) the order has been routed to an away exchange pursuant to Rule 15030; provided however, that any remainder of a Session Order returned by the away exchange will be cancelled upon its return to BOX. The Exchange is now proposing to amend the circumstances that will prevent a Session Order from being cancelled. Specifically, the Exchange is now proposing to allow an order with a Session Order designation to be cancelled when the order is being exposed to the BOX market and/or the order is a Directed Order to which the EP has not yet responded.⁶

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

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁷ in general, and Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by enhancing the risk protections available to Participants. The proposal promotes policy goals of the Commission which has encouraged execution venues, exchange and non-exchange alike, to enhance risk protection tools and other mechanisms to decrease risk and increase stability.

The individual firm benefits of enhanced risk protections flow downstream to counterparties both at the Exchange and at other options exchanges, thereby increasing systemic protections as well. Additionally, because the Exchange offers this risk tool to all Participants, the Exchange believes it will encourage liquidity generally and remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest.

This optional risk tool, as noted above, will be offered to all Participants on BOX. The Exchange further

represents that its proposal will operate consistently with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS and that the functionality is not mandatory. Specifically, any interest that is executable against a Participant’s quotes or orders that are received by the Exchange prior to the time the Kill Switch is processed by the system will automatically execute at the price up to the Participant’s size. The Kill Switch message will be accepted by the system in the order of receipt in the queue and will be processed in that order so any interest that is already accepted into the system will be processed prior to the Kill Switch message.

Market Makers’ obligations to provide continuous two-sided quotes on a daily basis are not diminished by the removal of such quotes and/or orders by utilizing the Kill Switch. Market Makers will be required to provide continuous two-sided quotes on a daily basis. Market Makers that utilize the Kill Switch will not be relieved of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet the continuous quoting obligations each trading day.

With respect to the proposed changes to the Session Order designation, the Exchange believes they are reasonable because they will expand the protections available to Participants transacting on the Exchange. Specifically, the proposed changes will protect investors and the public interest by allowing Participants to cancel their orders when a system issue occurs that infringes on the ability of a Participant to communicate with the Exchange’s systems.

The Exchange believes the proposed changes to the Session Order designation, specifically the deletion of the two exceptions to the Triggering Events dealing with an order being exposed and an order that is a Directed Order,⁹ is reasonable because they are not considered core exchange functions and the deletion of these exceptions to the Triggering Events will not affect a fair and orderly market and national market system. Further, the Exchange believes it is reasonable to keep the remaining exception to the Triggering Events, specifically when an order has been routed to an away exchange pursuant to Rule 15030, in the rule text because it is out of the Exchange’s control.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposal will provide market participants with additional protections. The proposed rule change is meant to protect Participants in the event the Participant is suffering from a systems issue or from the occurrence of unusual or unexpected market activity that would require them to withdraw from the market. Reducing such risk will enable Participants to enter quotes and orders without fear of inadvertent exposure of excessive risk, which in turn will benefit investors through increased liquidity for the execution of their orders. Such increased liquidity benefits investors because they receive better prices and because it lowers volatility in the options market. The proposal does not impose an undue burden on intramarket competition because all Participants may avail themselves of the Kill Switch, which functionality will be optional. Additionally, the proposed protections relating to the Kill Switch are similar to those available on competing exchanges.¹⁰ For these reasons, the Exchange does not believe this proposal imposes an undue burden on inter-market competition; rather, the proposed rule change will have no impact on competition.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹² Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

¹⁰ See Ch. VI, Sec. 6(d) of the NASDAQ OMX BX, Inc. (“BX”) Rules, Ch. VI, Sec. 6(d) of the NASDAQ OMX (“NOM”) Rules. See also Securities Exchange Act Release Nos. 76116 (October 8, 2015), 80 FR 199 (October 15, 2015) (Order Approving SR-BX-2015-50) and 76123 (October 9, 2015), 80 FR 62591 (October 16, 2015) (Order Approving SR-NASDAQ-2015-096).

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6).

⁶ See Proposed Rule 7110 (e)(1)(iii)(C).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ See supra note 6.

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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

A proposed rule change filed under Rule 19b-4(f)(6) under the Act¹⁵ normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁶ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that the proposed rule change is designed to protect Participants in the event a Participant is suffering from a systems issue or from the occurrence of unusual or unexpected market activity.¹⁷ To the extent that the Exchange's proposal provides member firms with greater control over their quotes and orders, and allows firms to remove quotes and cancel orders in an appropriate manner, then the proposal may encourage firms to provide liquidity on the Exchange and thus contribute to fair and orderly markets in a manner that protects the public interest, protects investors, and is not designed to permit unfair discrimination. The Commission notes that the proposal is similar to the rules of other exchanges¹⁸ and therefore does not raise any new, unique or substantive issues. Based on the foregoing, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.¹⁹ The Commission hereby grants the Exchange's request and designates the proposal operative upon filing.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

¹⁷ See *supra* Section II.A.2.

¹⁸ See *supra* note 10.

¹⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-BOX-2016-16 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-BOX-2016-16. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from

submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2016-16, and should be submitted on or before May 19, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77699; File No. SBSDR-2016-01]

Security-Based Swap Data Repositories; ICE Trade Vault, LLC; Notice of Filing of Application for Registration as a Security-Based Swap Data Repository

April 22, 2016.

I. Introduction

On March 29, 2016, and as amended on April 18, 2016, ICE Trade Vault, LLC ("ICE Trade Vault") filed with the Securities and Exchange Commission ("Commission") a Form SDR seeking registration as a security-based swap data repository ("SDR") under Section 13(n) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and the Commission's rules promulgated thereunder.² ICE Trade Vault proposes to operate as a registered SDR for security-based swap ("SBS") transactions in the credit derivatives asset class. The Commission is publishing this notice to solicit comments from interested persons regarding ICE Trade Vault's Form SDR,³ and the Commission will consider any comments it receives in making its

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78m(n)(3).

² 17 CFR 240.13n-1 through 240.13n-12.

³ ICE Trade Vault filed its Form SDR, including the exhibits thereto, electronically with the Commission. The descriptions set forth in this notice regarding the structure and operations of ICE Trade Vault have been derived, excerpted, and/or summarized from information in ICE Trade Vault's Form SDR application, and principally from ICE Trade Vault's Guidebook (Exhibit GG.2), which outlines the applicant's policies and procedures designed to address its statutory and regulatory obligations as an SDR registered with the Commission. ICE Trade Vault's Form SDR application and non-confidential exhibits thereto are available in EDGAR at <http://www.sec.gov/cgi-bin/browse-edgar?CIK=0001658496&owner=exclude&action=getcompany&Find=Search>. In addition, the public may access copies of these materials on the Commission's Web site at: <http://www.sec.gov/rules/other/2016/ice-trade-vault-form-sdr-htm>.