

The public may view the background documentation for this information collection at the following Web site, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Shagufta.Ahmed@omb.eop.gov](mailto:Shagufta.Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: June 19, 2017.

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80965; File No. SR-MRX-2017-07]

### Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Chapter 19

June 19, 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 June 6, 2017, Nasdaq MRX, LLC (“MRX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II 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 amend Chapter 19 to notify members of a systems issue related to allocations made pursuant to Supplementary Material .02(a)–(b) to Rule 1901.

The text of the proposed rule change is available on the Exchange’s Web site at [www.ise.com](http://www.ise.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 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 Chapter 19 to notify members of a systems issue related to allocations made pursuant to Supplementary Material .02(a)–(b) to Rule 1901 (“Flash auction”). Pursuant to Supplementary Material .02 to Rule 1901, when the automatic execution of an incoming order would result in an impermissible Trade Through,<sup>3</sup> such order is exposed at the current national best bid or offer (“NBBO”) to all members, and members are given an opportunity to enter responses up to the size of the order being exposed. Supplementary Material .02(a)–(b) to Rule 1901 provides that interest executed in the Flash auction is allocated in price priority, and, at the same price, Priority Customer orders will be executed first in time priority and then all other interest (orders, quotes, and responses) will be allocated pro-rata based on size. Currently, however, the system is erroneously providing the Primary Market Maker (“PMM”) an enhanced allocation after Priority Customer Orders on the book, and ahead of Responses, Professional Orders, and other market maker quotes. Specifically, the PMM is being erroneously given participation rights in a Flash auction pursuant to Supplementary Material .01(b)–(c) to Rule 713, which results in the PMM receiving a potentially larger share of the order to be executed. That is, if the PMM is quoting at the best price and the conditions in Supplementary Material .01(b)–(c) to Rule 713 are satisfied, the PMM is given participation rights equal

to the greater of (i) the proportion of the total size at the best price represented by the size of its quote, or (ii) sixty percent (60%) of the contracts to be allocated if there is only one (1) other Professional Order or market maker quotation at the best price, forty percent (40%) if there are two (2) other Professional Orders and/or market maker quotes at the best price, and thirty percent (30%) if there are more than two (2) other Professional Orders and/or market maker quotes at the best price. Alternatively, orders for five (5) contracts or fewer will be executed first by the PMM, if he is present at that price.

This enhanced allocation was intended for the PMM when orders are allocated in the regular market, and not for the allocation of an order exposed pursuant to Supplementary Material .02 to Rule 1901 (*i.e.*, the Flash auction). The Exchange has notified members and the Commission of this systems issue pursuant to Regulation SCI. The purpose of the proposed rule change is to provide additional notification to members by noting in Chapter 19 of the Exchange’s rulebook the discrepancy between the allocation described in the rule and the allocation currently being given by the Exchange’s trading system. The Exchange is currently migrating its trading system to the Nasdaq INET architecture, and the allocation issue will be resolved as symbols start trading on INET in Q3 2017. In the interim, the Exchange proposes to add language to Chapter 19 to notify members that until such time as symbols are migrated to INET, Flash auction allocations pursuant to Supplementary Material .02(a)–(b) to Rule 1901 will not be provided as described in that rule. Instead, PMM quotes will be given a Flash auction allocation pursuant to Supplementary Material .01(b)–(c) to Rule 713 after Priority Customer Orders on the book, and ahead of Responses, Professional Orders, and other market maker quotes, until such time as symbols are migrated to the INET trading system. The Exchange believes that this language will reduce member confusion regarding how allocations will be processed prior to the resolution of this systems issue.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>4</sup>

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

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

<sup>3</sup> “Trade-Through” means a transaction in an option series at a price that is lower than a Protected Bid or higher than a Protected Offer. *See* Rule 1900(q).

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

In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>5</sup> because is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because the proposed rule language more accurately reflects the way contracts will be allocated in the Flash auction until the systems issue is resolved. Due to a systems issue, allocations in the Flash auction do not take place in the manner described in Supplementary Material .02(a)–(b) to Rule 1901. The proposed rule change makes this clear in the Exchange's rules, and supplements notifications given to members and the Commission pursuant to Regulation SCI. While the Exchange intends to allocate contracts in the Flash auction as described in Supplementary Material .02(a)–(b) to Rule 1901, the Exchange is taking this temporary measure to ensure that members are properly notified of the current system behavior. The proposed rule change does not make any permanent changes to the Exchange's treatment of Flash auction allocations, which will be processed correctly when the Exchange migrates its trading system to INET in Q3 2017. The Exchange believes that the proposed rule change will promote just and equitable principles of trade since it is a temporary change, and is designed solely to provide additional notification and clarity to members of the Flash auction allocation issue. The Exchange intends to amend the manner in which the system operates to conform to the current rule text as symbols migrate to INET in Q3 2017.

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

In accordance with Section 6(b)(8) of the Act,<sup>6</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is designed to more accurately reflect the way the trading system allocates contracts in the Flash auction today, and is not intended to be a permanent rule of the Exchange. The Flash auction allocation will be corrected with the migration of the Exchange to INET technology, and the

proposed rule change is being filed solely to provide additional notice to members in the interim. The proposed rule change is therefore not designed to impose any significant burden on competition.

#### *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**

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>7</sup> and subparagraph (f)(6) of Rule 19b–4 thereunder.<sup>8</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>9</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. The Exchange represents that it filed the proposed rule change to provide additional notice to members concerning the current handling of orders and quotes executed in a Flash auction, and that waiver of the operative delay is consistent with the protection of investors and the public interest as it will allow the Exchange to immediately reflect in its rules the allocation methodology currently in place for Flash auctions. The Exchange further represents that the allocation methodology will be fixed once the Exchange migrates to the INET platform. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</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 Exchange has satisfied this requirement.

<sup>9</sup> 17 CFR 240.19b–4(f)(6)(iii).

Commission designates the proposed rule change operative upon filing.<sup>10</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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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–MRX–2017–07 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–MRX–2017–07. 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

<sup>10</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)(5).

<sup>6</sup> 15 U.S.C. 78f(b)(8).

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-MRX-2017-07 and should be submitted on or before July 14, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80969; File No. SR-BOX-2017-21]

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Make Several Non-Substantive Changes

June 19, 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 June 7, 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 the Fee Schedule to make several non-substantive changes. 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>.

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

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

#### 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 proposes to make certain clarifying and non-substantive changes to its fee schedule in order to improve formatting and increase overall readability. The Exchange notes that these changes are purely clerical and do not substantively amend any fee or rebate, nor do they alter the manner in which the Exchange assesses fees or calculates rebates. The proposed changes are simply intended to increase overall readability and improve formatting. Specifically, the Exchange proposes to add a title page and table of contents page to the fee schedule.

###### 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>3</sup> in general, and Section 6(b)(5) of the Act,<sup>4</sup> in particular, in that the proposed change 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, by increasing the readability of BOX’s Fee Schedule. Further, the Exchange notes that the proposed changes do not substantively amend any fee or rebate, nor do they alter the manner in which the Exchange assesses fees or calculates rebates. Finally, the Exchange believes that the proposed changes will make the fee schedule clearer and eliminate investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the

public interest. As such, BOX believes the proposed rule change is in the public interest, and therefore, consistent with the Act.

##### 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 that the proposed change will not impose a burden on competition, as the changes are purely clerical and do not amend any fee or rebate within the BOX Fee Schedule.

##### 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 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) of the Act<sup>5</sup> and Rule 19b-4(f)(6) thereunder.<sup>6</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>7</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>8</sup> 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, which the Exchange states would immediately add clarity to the Fee Schedule. The Commission notes that the proposed rule change merely adopts a table of contents and makes formatting changes that are designed to increase overall readability of the fee schedule

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.

<sup>7</sup> 17 CFR 240.19b-4(f)(6).

<sup>8</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>3</sup> 15 U.S.C. 78f(b).

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