router subject to substantially similar limitations and conditions.[89]

Specifically, the BATS Exchanges proposed that DE Route, operating as a facility of the DE Exchanges, provide routing services from each of the DE Exchanges to each BATS Exchange, subject to the following conditions and limitations set forth in the proposed Rule 2.12 of each BATS Exchange: [90]

- Each BATS Exchange would enter into (1) a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated SRO to relieve each BATS Exchange of regulatory responsibilities for DE Route with respect to rules that are common rules between each BATS Exchange and the non-affiliated SRO, and (2) a regulatory services contract with a non-affiliated SRO to perform regulatory responsibilities for DE Route for unique rule of each BATS Exchange.
- The regulatory services contract would require the BATS Exchanges to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively ''Exceptions'') in which DE Route is identified as a participant that has potentially violated the rules of the BATS Exchanges or Commission rules, and would require that the non-affiliated SRO provide a report, at least quarterly, to the BATS Exchanges quantifying all Exceptions in which DE Route is identified as a participant that has potentially violated the rules of the BATS Exchanges or the Commission.
- Each BATS Exchange, on behalf of the holding company indirectly owning the BATS Exchanges and DE Route, would establish and maintain procedures and internal controls reasonably designed to ensure that DE Route does not develop or implement changes to its system on the basis of non-public information regarding planned changes to each BATS Exchange's systems, obtained as a result of its affiliation with the BATS Exchanges, until such information is available generally to similarly situated users of the BATS Exchanges in connection with the provision of inbound order routing to the BATS Exchanges.
- Each BATS Exchange may furnish to DE Route the same information on the same terms that the BATS Exchanges make available in the normal course of business to any other user.

Although the Commission continues to be concerned about potential unfair competition and conflicts of interest between an exchange's self-regulatory obligations and its commercial interest when the exchange is affiliated with one of its members, for the reasons discussed below, the Commission believes that it is consistent with the Act to permit DE Route to be affiliated with the BATS Exchanges and to provide inbound routing to the BATS Exchanges, subject to the conditions described above.

The BATS Exchanges have proposed four conditions applicable to DE Route's inbound routing activities, which are enumerated above. The Commission believes that these conditions mitigate its concerns about potential conflicts of interest and unfair competitive advantage. In particular, the Commission believes that a non-affiliated SRO oversight of DE Route,[91] combined with the non-affiliated SRO's monitoring of DE Route's compliance with the equity trading rules and quarterly reporting to each BATS Exchange, will help to protect the independence of each BATS Exchange's regulatory responsibilities with respect to DE Route. The Commission also believes that the requirement that each BATS Exchange establish and maintain procedures and internal controls reasonably designed to ensure that DE Route does not develop or implement changes to its system based on non-public information obtained as a result of its affiliation with the BATS Exchanges, until such information is available generally to similarly situated members of the BATS Exchanges, is reasonably designed to ensure that DE Route cannot misuse any information advantage it may have because of its affiliation with the BATS Exchanges.

Further, the Commission notes that the proposed conditions for the operation of DE Route as an affiliated inbound router on behalf of each BATS Exchange are consistent with conditions the Commission has approved for other exchanges.[92] The Commission therefore finds the proposed operation of DE Route as an affiliated inbound router of the BATS Exchanges is consistent with the Act.

III. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule changes are consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act [93] that the proposed rule changes (SR–BATS–2013–059 and SR–BYX–2013–039) are approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[94]

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2014–01659 Filed 1–28–14; 8:45 am]

BILLING CODE 8011–01–P

[89] *See* Notices, *supra* note 5, at 75616–17 and 75595.

[90] *See* Rule 2.12 of each of the BATS Exchanges; *see also supra* note 5, at 75616–17 and 75595. Additionally, Rule 2.12(b) will require that DE Route operates as an outbound router on behalf of each of the DE Exchanges in accordance with the rules of each DE Exchange. They are also consistent with the conditions and limitations on inbound routing to the Exchange by its affiliate BATS Trading. *See supra* note 88 and accompanying text.

[91] The oversight will be accomplished through the Rule 17d-2 agreement and the regulatory contract.

[92] *See, e.g.,* Securities Exchange Act Release Nos. 62716 (August 13, 2010), 75 FR 51295 (August 19, 2010) (order approving the exchange registration of BATS Y-Exchange, Inc.); 61698 (March 12, 2010), 75 FR 13151 (March 18, 2010) (order approving the exchange registration of the DE Exchanges); and 65456 (September 30, 2011), 76 FR 62118 (October 6, 2011) (order approving a proposal by NYSE Arca, Inc. (''NYSE Arca'') to make permanent the pilot program that permits NYSE Arca to accept inbound orders routed by its affiliated broker-dealer).

[93] 15 U.S.C. 78s(b)(2).

[94] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71371; File No. SR–CBOE–2014–001]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule To Amend CBOE's Rules To Enhance the Independence and Integrity of the Regulatory Functions of the Exchange

January 23, 2014.

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 January 10, 2014, the 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 and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act [3] and Rule 19b–4(f)(6) thereunder.[4] The Commission is publishing this notice to

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(6).

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

CBOE proposes to amend its rules to enhance the independence and integrity of the regulatory functions of the Exchange. The text of the proposed rule change is 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.

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 those 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend certain rules to enhance the independence and integrity of the regulatory functions of the Exchange. Specifically, the Exchange seeks to amend Rule 2.1 (Committees of the Exchange), Rule 4.4 (Gratuities), Rule 17.2 (Complaint and Investigation), Rule 17.3 (Expedited Proceeding), Rule 17.4 (Charges), Rule 17.8 (Offers of Settlement) and Rule 17.50 (Imposition of Fines for Minor Rule Violations).

First, the Exchange proposes to amend Rule 2.1 (Committees of the Exchange). Rule 2.1 currently provides that the Chief Executive Officer (''CEO'') shall appoint the chairman, vice-chairman and members of the Exchange Committees, as well as fill vacancies and remove members of the Exchange Committees. The Exchange proposes to adopt an exception to that rule. Particularly, the Exchange proposes to provide that the Nominating and Governance Committee, with the approval of the Board, shall appoint the chairman, vice-chairman and members of the Business Conduct Committee (''BCC''), as well as fill vacancies in the BCC and that the Board shall have the ability to remove any member of the BCC, at any time, with or without cause. The Nominating and Governance Committee is comprised of at least five (5) Directors and is a standing committee of CBOE's Board of Directors. The BCC is an Exchange Committee charged with handling disciplinary matters that arise from Exchange business. The BCC additionally reviews recommendations by the Exchange's Regulatory staff and authorizes the issuance of formal charges arising out of the matters investigated or examined by the Regulatory Services Division. Given the BCC's responsibilities, the Exchange believes that authority relating to the composition of the BCC should rest with the Nominating and Governance Committee, rather than the CEO. Additionally, the Exchange believes that the power to remove members of the BCC should rest with the Board, rather than the CEO. This transfer of authority enhances the independence of the regulatory functions of the Exchange.

Next, the Exchange seeks to amend Rule 4.4 (Gratuities). Rule 4.4 provides that a Trading Permit Holder (''TPH'') may not give any compensation or gratuity in any one year in excess of $50.00 to any employee of the Exchange or in excess of $100.00 to any employee of any other TPH or of any non-TPH broker, dealer, bank or institution, without the prior consent of the employer and of the Exchange. Additionally, the Exchange's Conflict of Interest Policy (''Policy'') currently prohibits Regulatory Services Division and Office of Enforcement employees from accepting any gift of more than nominal monetary value (e.g., a coffee mug) from any TPH or associated person of a TPH. In unique circumstances, the Policy provides that an exception may be granted by the Division Head or, for the Division Head, by the President. The Exchange is proposing to amend Rule 4.4 to provide that a TPH may not give any compensation or gratuity of any monetary value to any Regulatory Services Division or Office of Enforcement employee.[5] The Exchange does not believe that its Regulatory Services Division or Office of Enforcement employees should be permitted to receive gifts or gratuities of even a nominal value from TPHs or their associated persons, in light of the responsibility of these Exchange employees for regulatory matters involving TPHs and their associated persons.

The Exchange also proposes to amend Rule 17.2 (Complaint and Investigation) to eliminate the authority of the President, other Exchange officials designated by the President, the Board, or the BCC to order an investigation of possible violations within the disciplinary jurisdiction of the Exchange and provide instead that only the Exchange's Regulatory staff, and any successor thereto, in its sole discretion shall determine whether to investigate or examine possible violations within the disciplinary jurisdiction of the Exchange. The Exchange believes providing Regulatory staff sole discretion as to what matters to investigate or examine further supports and provides for the autonomy and independence of the Exchanges' regulatory functions as well as helps to ensure that all decisions regarding resolution of any examination, investigation, or prosecution shall be made without regard to the actual or perceived business interests of the Exchange or any of TPHs. The Exchange notes that the Board, President, and BCC, along with other Exchange employees and Trading Permit Holders, will continue to have the ability to submit oral or written complaints alleging possible violations within the disciplinary jurisdiction of the Exchange. The Exchange additionally notes that the proposed rule change conforms its rules to its current practice. The Exchange also proposes to clarify that Regulatory staff has the sole discretion to determine whether to request that the BCC authorize the issuance of a statement of charges pursuant to Rule 17.4 (Charges), which will add transparency to the rules regarding Regulatory staff's role and responsibilities.

The Exchange also seeks to amend Rule 17.2 to provide that the Regulatory staff shall have the sole discretion to determine whether to request that the BCC authorize the issuance of a statement of charges pursuant to Rule 17.4 In those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed and a formal regulatory action (i.e., Statement of Charges) is warranted, Regulatory staff will submit a written report of its investigation to the BCC.[6] Additionally, the Exchange

[5] The Exchange intends to make conforming changes to its Policy upon the effectiveness of this proposed rule change.

[6] Pursuant to CBOE Rule 17.10, the Regulatory Oversight and Compliance Committee will review any decision not to authorize the issuance of statements of charges that were recommended by Regulatory staff, and refer such matters to the Board of Directors for further review, as appropriate. The

proposes to provide in those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed, but non-formal regulatory action (i.e., a Letter of Information, a Letter of Caution or a Staff Interview) is warranted in lieu of the issuance of a statement of charges, the Regulatory staff will have the power and authority in its sole discretion to impose such non-formal regulatory action without the submission of a written report of its investigation to the BCC. Further, the Exchange proposes to provide that in the event the Regulatory staff finds in its sole discretion that there are not reasonable grounds to believe that a violation has been committed, the Regulatory staff will close the investigation (i.e., File Without Action) without the submission of a written report of its investigation to the BCC. The Exchange believes that this proposed rule change further supports and provides for the autonomy and independence of the Exchanges' regulatory functions as well as makes explicit in the rules the roles and responsibilities of Regulatory staff. Finally, the Exchange proposes to add Interpretation and Policy .05 to Rule 17.2 to make clear that references to ''Regulatory staff'' in Chapter XVII, mean the Exchange's employees in the Regulatory Services Division.

In addition, the Exchange seeks to make explicit in the Rules the roles and responsibilities of certain Exchange staff. First, the Exchange proposes to replace references to ''Exchange'' with ''Regulatory staff'' in Interpretation and Policies .01, .03, and .04 of Rule 17.2 to make clear that those references are to Regulatory staff, in particular. The Exchange also seeks to make similar clarifications in Rule 17.3 (Expedited Proceeding), Rule 17.4 (Charges), Rule 17.8 (Offers of Settlement), and Rule 17.10 (Review). Particularly, Rule 17.3 governs expedited proceedings, Rule 17.4 governs if and how statement of charges is to be issued, Rule 17.8 governs Offers of Settlement, and Rule 17.10 governs the review by the Board of Directors of decisions related to the disciplinary process. Each of the aforementioned rules sets forth the respective duties and responsibilities of ''staff'' as it relates to either expedited proceedings, statement of charges and offers of settlement. The Exchange believes however, that the term ''staff'' is vague and does not provide clarity as to which staff has certain roles and authorities under these rules, which historically, has been the Regulatory staff. Accordingly, the Exchange wishes to make it explicitly clear that the ''staff'' referred to in these rules is the Exchange's Regulatory staff, which will provide additional clarity and reduce confusion. The Exchange notes this is a clarifying, non-substantive change. The Exchange also proposes to amend Rule 17.10(d) to correct the reference to the Regulatory Oversight and Compliance Committee.

Finally, the Exchange also proposes to amend Rule 17.50 (Imposition of Fines for Minor Rule Violations). Rule 17.50 provides that in lieu of commencing a disciplinary proceeding pursuant to Rule 17.2, the Exchange may, in certain instances, impose a fine on a TPH or associated person of a TPH with respect to certain rule violations. More specifically, subparagraph (c) of Rule 17.50 provides that any person against whom a fine is imposed pursuant to certain subsections of Rule 17.50 (e.g., violation of position and exercise limit rules or Locked or Crossed Market violations) may contest the Exchange's determination by filing a written answer and have the matter become subject to the review of the BCC. Additionally, the filing may request a hearing, if desired, which would be subject to Rule 17.6, which rule governs hearings before the BCC. Rule 17.50(c) also provides that for violations of trading conduct and decorum policies in particular, a person may only contest the determination to the BCC if the fine exceeds $2,500. Pursuant to subparagraph (d) of Rule 17.50, if the fine for violations of trading conduct and decorum policies does not exceed $2,500, the individual may still contest the Exchange's determination, but the matter would become subject to the review of the Appeals Committee, rather than the BCC and, if requested, any hearing would consequently be subject to the hearing procedures set forth in Chapter 19 (Hearings and Review). Similarly, fines imposed for failure to submit trade data on trade date, regardless of the amount, may be contested but will also become subject to the review of the Appeals Committee, instead of the BCC. Moreover, Interpretation and Policy .04 provides that the BCC may consolidate into one hearing the review of (i) a fine imposed for violations of trade conduct and decorum policies that exceeds $2,500 and (i) a fine imposed for violations of trade conduct and decorum policies that does not exceed $2,500, so long as the alleged violations involve the same or related transaction or occurrence and the review is not based on written submissions. The Exchange proposes to eliminate the distinction between the type of violations set forth in Rule 17.50 by eliminating subparagraph (d) of Rule 17.50 in its entirety and provide instead that all violations set forth in paragraph (g) of Rule 17.50 may be contested to the BCC and, if requested, subject to the hearing procedures of Rule 17.6. Given the BCC's role and responsibilities noted above, the Exchange believes that the BCC is the appropriate committee to review and/or hear contests to fines imposed due to non-compliance with certain Exchange rules. Particularly, the Exchange believes the BCC should review and/or hear all contests to fines imposed pursuant to section (g) of Rule 17.50 in its entirety, including violations for trade conduct and decorum policies and failure to submit trade data on trade date. The proposed change also provides consistency and certainty as to how all contests to fines imposed pursuant to section (g) are handled.

Lastly, the Exchange proposes to delete language in subparagraph (c)(3) of Rule 17.50. More specifically, Rule 17.50(c)(3) currently provides that among others, any member of the Board may require a review by the Board of any determination made by the BCC under this rule. The Exchange proposes to eliminate the language ''any member of'' to provide that an individual Board member cannot alone require a review, but rather the request for a review must be a Board action. The Exchange believes that it is appropriate for the Board to determine whether to request review of a determination of the BCC under Rule 17.50, as opposed to an individual Board member, and notes that such change is consistent with Rule 17.10 relating to the Board's authority to review decisions by the BCC made pursuant to Rules 17.7 and 17.9.

2. Statutory Basis

The Exchange believes the proposed rule changes are consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[7] Specifically, the Exchange believes the proposed rule changes are consistent with the Section 6(b)(5)[8] requirements that the rules of an exchange be 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

Board of Directors may order review of such decisions, and may affirm, reverse or modify, in whole or in part, the decision of the BCC not to authorize the issuance of statement of charges.

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

in regulating, clearing, settling, processing information with respect to, and 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. The Exchange also believes the proposed rule changes are consistent with the Section 6(b)(7)[9] requirements that the rules of an exchange provide a fair procedure for the disciplining of members and persons associated with members, the denial of membership to any person seeking membership therein, the barring of any person from becoming associated with a member thereof, and the prohibition or limitation by the exchange of any person with respect to access to services offered by the exchange or a member thereof.

In particular, the Exchange believes that the elimination of: (i) the CEO's authority relating to the composition of the BCC and (ii) the President, (or Exchange Official designated by the President), the Board, and BCC's authority to order the investigation of a possible violation within the disciplinary jurisdiction of the Exchange aligns the CBOE Rules with the Exchange's current practices and provides for further separation of those responsible for the business activities of the Exchange from the decision-making structure over the regulatory process. This separation enhances the Exchange's disciplinary and regulatory process by furthering the independence of its regulatory process and reducing a potential conflict of interest, as well as an appearance of inappropriate influence, thereby ensuring an effective and fair disciplinary process and promoting just and equitable principles of trade and protecting investors and the public interest investors and public interest.

Additionally, the Exchange believes the proposed rule change to Rule 4.4 further enhances the independence of the Regulatory Services Division and Office of Enforcement and eliminates a potential conflict of interest, as well as an appearance of influence, thereby promoting an effective and fair disciplinary process and enhancing the protection of investors and the public interest.

The Exchange also believes that clarifying the CBOE Rules to explicitly state that Regulatory staff has sole discretion as to what matters to investigate or examine further supports and provides for the autonomy and independence of the Exchanges' regulatory functions as well as helps to ensure that all decisions regarding resolution of any examination, investigation, or prosecution shall be made without regard to the actual or perceived business interests of the Exchange or any of TPHs, thereby enhancing the protection of investors and the public interest. Additionally, the Exchange believes that providing Regulatory staff sole discretion to (i) impose non-formal regulatory action without the submission of a written report of its investigation to the BCC in those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed or (ii) close an investigation without submission of a written report of its investigation to the BCC where Regulatory staff finds that there are not reasonable grounds to believe that a violation has been committed, further supports and provides for the autonomy and independence of the Exchanges' regulatory functions as well as makes explicit in the rules the roles and responsibilities of Regulatory staff.

The Exchange also believes that replacing vague references to ''Exchange'' and ''Staff'' with ''Regulatory staff,'' in Chapter 17 makes it explicitly clear which staff has certain roles and responsibilities delegated under these rules, thereby eliminating potential confusion. Finally, the Exchange believes that given the BCC's charged role and responsibilities, the BCC is the appropriate committee to review and/or hear contests to fines imposed pursuant to section (g) of Rule 17.50 in its entirety, including violations for trade conduct and decorum policies and failure to submit trade data on trade date. The Exchange believes this proposed rule change also provides consistency as to how contests to fines imposed pursuant to section (g) of Rule 17.50 are handled.

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

CBOE does not believe that the proposed rule change will 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 the proposed rule change will impose any burden on intramarket competition because it applies to all TPHs. The Exchange does not believe the proposed rule changes will impose any burden on intermarket competition as it will merely enhance the independence of its regulatory decision-making and eliminate gratuities from TPHs to employees of the Regulatory Services Division or Office of Enforcement that might appear to undermine that independence.

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

No written comments were solicited or received with respect to 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 Act[10] and Rule 19b–4(f)(6) thereunder.[11] Because the foregoing proposed rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) 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[12] and Rule 19b–4(f)(6)[13] thereunder. 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 will institute proceedings to determine whether the proposed rule change 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

[9] 15 U.S.C. 78f(b)(7).

[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b–4(f)(6)

[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f)(6). 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.

• Send an email to *rule-comments@sec.gov.* Please include File Number SR–CBOE–2014–001 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–CBOE–2014–001. 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 CBOE. 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–CBOE–2014–001 and should be submitted on or before February 19, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Elizabeth M. Murphy,

Secretary.

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BILLING CODE 8011–01–P

[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71374; File No. SR–BOX–2014–05]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the BOX Rules To Remove the BOX-Top Order

January 23, 2014.

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 January 14, 2014, BOX Options Exchange LLC (''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 BOX Rules to remove the BOX-Top Order. 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 this proposed rule change is to amend the BOX rules to remove the BOX-Top Order. A BOX-Top Order is currently defined as an order entered into the BOX Book which is executed at the best price available in the market for the total quantity available from any contra bid (offer).[3] Any residual volume left after part of a BOX-Top Order has been executed is automatically converted to a limit order at the price at which the original BOX-Top Order was executed, except when a BOX-Top Order executes against a Legging Order at a penny increment in a series traded in a larger increment. In this instance, the remaining BOX–TOP Order quantity will be priced, ranked and displayed on the BOX Book at the nearest increment tick permitted for the series (rounded up (down) in the case of a sell (buy) order).

BOX-Top Orders were originally introduced at the launch of the Exchange in 2004 to fulfill a market need.[4] Specifically, the Exchange created BOX-Top Orders because the Exchange did not offer Market Orders when it launched.[5] However, shortly after the Exchange launched, Participants expressed their preference for Market Orders instead of BOX-Top Orders. Due to these requests the Exchange decided to offer Market Orders as well.[6] Once the Exchange began offering Market Orders the popularity of BOX-Top Orders drastically decreased due to the preference by Participants for Market Orders; as a result, the BOX-Top Order is rarely used by Participants today. The Exchange has spoken with Participants who currently use BOX-Top Orders and has verified that removing this order type will have no impact on their ability to trade on the Exchange. Consequently, the Exchange believes that the continued presence of the BOX-Top Order as an order type offered by the Exchange no longer serves a business purpose and could lead to investor confusion.

The Exchange notes that while very similar, BOX-Top Orders are not identical to Market Orders. After execution, the residual volume of a BOX-Top Order is automatically converted to a limit order at the price at which the BOX-Top Order was executed.[7] With a Market Order the residual volume is executed at the next best price available for the total quantity

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

[2] 17 CFR 240.19b–4.

[3] *See* BOX Rule 7110(c)(2).

[4] *See* Securities Exchange Act Release No. 49068 (January 13, 2004), 69 FR 2775 (January 20, 2004) (Order Approving SR–BSE–2002–15).

[5] *Id.*

[6] *See* Securities Exchange Act Release No. 51821 (June 10, 2005), 70 FR 35143 (June 16, 2005) (Order Approving SR–BSE–2004–51).

[7] Except when the BOX-Top Order executes a Legging Order at a penny increment in a series trader [sic] in a larger increment.