**Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010**

Section 806(e)(1)  

Section 806(e)(2)  

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  

Section 3C(b)(2)  

Exhibit 2 Sent As Paper Document  
Exhibit 3 Sent As Paper Document  

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.  

Counsel  

11/21/2013  

Date  

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.
The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3).

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
Item 1. **Text of Proposed Rule Change**

   a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4 thereunder, BOX Options Exchange LLC (the “Exchange”) proposes to amend IM-3120-2 to Rule 3120 to extend the pilot program that eliminated the position limits for options on SPDR S&P 500 ETF (“SPY”) (“SPY Pilot Program”).

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of proposed Exchange Rules is attached hereto as Exhibit 5.

   b) Not applicable to application of any other Exchange rule.

   c) Not applicable.

Item 2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by officers of the Exchange pursuant to authority delegated by the Exchange Board of Directors (“Board”) on July 24, 2013. No further action is necessary for the filing of the proposed rule change.

   Questions regarding this rule filing may be directed to Alanna Barton, Counsel for the Exchange, at (617) 235-2239.

Item 3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

   a) **Purpose**
The Exchange proposes to amend IM-3120-2 to Rule 3120 to extend the time period of the SPY Pilot Program, which is currently scheduled to expire on November 27, 2013, through January 27, 2015.

This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits, (2) the liquidity of the option and the underlying security, (3) the market capitalization of the underlying security and the related index, (4) the reporting of large positions and requirements surrounding margin, and (5) the potential for market on close volatility.

In the original proposal to establish the SPY Pilot Program, the Exchange stated that if it were to propose an extension, permanent approval or termination of the program, the Exchange would submit, along with any filing proposing such amendments to the program, a report providing an analysis of the SPY Pilot Program covering the first twelve (12) months during which the SPY Pilot Program was in effect (the “Pilot Report”). However, because not all self-regulatory organizations (“SROs”) have adopted similar rules eliminating position limits on SPY and market participants that are members of such SROs are required to comply with the more restrictive SPY position limits, no market participants have availed themselves of the SPY Pilot Program. As a result, there is no meaningful data available to compile the Pilot Report at this time and therefore the Exchange is not filing a Pilot Report with this extension request. The Exchange believes


4 See supra note 3.
it is appropriate to extend the SPY Pilot Program to provide time for other SROs to adopt similar rules eliminating position limits on SPY so that the Exchange can prepare a meaningful Pilot Report if it were to propose any further extension, permanent approval or termination of the program.

As with the original proposal to establish the SPY Pilot Program, the Exchange represents that the Pilot Report will be submitted within thirty (30) days of the end of the first twelve (12) months of the extend pilot period. The Pilot Report will detail the size and different types of strategies employed with respect to positions established as a result of the elimination of position limits in SPY. In addition, the Pilot Report will note whether any problems resulted due to the no limit approach and any other information that may be useful in evaluating the effectiveness of the pilot program. The Pilot Report will compare the impact of the pilot program, if any, on the volumes of SPY options and the volatility in the price of the underlying SPY shares, particularly at expiration. In preparing the report the Exchange will utilize various data elements such as volume and open interest. In addition, the Exchange has represented that it will make available to Commission staff data elements relating to the effectiveness of the pilot.

b) Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,\(^5\) in general, and Section 6(b)(5) of the Act,\(^6\) in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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

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and the public interest. The Exchange believes that extending the SPY Pilot Program promotes just and equitable principles of trade by permitting market participants, including market makers, institutional investors and retail investors, to establish greater positions when pursuing their investment goals and needs.

Item 4. 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 proposed rule change is not designed to address any aspect of competition, whether between the Exchange and its competitors, or among market participants. Instead, the proposed rule change is designed to allow the SPY Pilot Program to continue while other SROs adopt similar provisions and meaningful data can be compiled into a Pilot Report.

Item 5. 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.

Item 6. Extension of Time Periods for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) This proposed rule change is filed pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act\(^7\) and Rule 19b-4(f)(6) thereunder.\(^8\)

(b) This proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition,

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and, by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay period for “non-controversial” proposals and make the proposed rule change effective and operative upon filing. The waiver is consistent with the protection of investors and public interest because it will permit the SPY Pilot Program to continue without interruption.

The Exchange believes that extending the SPY Pilot Program is non-controversial and would not significantly affect the protection of investors because it permits market participants to establish greater positions when pursuing their investment goals and needs. At the same time, the Exchange believes that the continued elimination of position and exercise limits for SPY options would not increase market volatility or facilitate the ability to manipulate the market. In addition, the Exchange believes that extending the SPY Pilot Program would provide additional time for other SROs to adopt similar rules eliminating position requirements for SPY options so that the Exchange can compile data for a meaningful Pilot Report. The proposed rule change is also substantially similar in all material respects to a NYSE MKT LLC proposal.

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

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9 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.

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.

Item 8. Proposed Change Based Upon Rules of Another Self-Regulatory Organization or of the Commission

As discussed above, the Exchange believes that the proposed rule change is substantially similar in all material respects to a proposal submitted by NYSE MKT LLC.¹¹

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) for the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

1. Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

5. Text of the Proposed Rule Change.

¹¹ Id.
Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of Proposed Rule Change to Amend IM-3120-2 to Rule 3120 to Extend the Pilot Program that Eliminated the Position Limits for Options on SPDR S&P 500 ETF

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 [DATE], 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 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 IM-3120-2 to Rule 3120 to extend the pilot program that eliminated the position limits for options on SPDR S&P 500 ETF (“SPY”) (“SPY Pilot Program”). 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](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

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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 IM-3120-2 to Rule 3120 to extend the time period of the SPY Pilot Program, which is currently scheduled to expire on November 27, 2013, through January 27, 2015.

This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits, (2) the liquidity of the option and the underlying security, (3) the market capitalization of the underlying security and the related index, (4) the reporting of large positions and requirements surrounding margin, and (5) the potential for market on close volatility.

In the original proposal to establish the SPY Pilot Program, the Exchange stated that if it were to propose an extension, permanent approval or termination of the program, the Exchange would submit, along with any filing proposing such amendments to the program, a report providing an analysis of the SPY Pilot Program covering the first twelve (12) months during which the SPY Pilot Program was in effect (the “Pilot Report”). However, because not all self-regulatory organizations (“SROs”) have adopted

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4 See supra note 3.
similar rules eliminating position limits on SPY and market participants that are members of such SROs are required to comply with the more restrictive SPY position limits, no market participants have availed themselves of the SPY Pilot Program. As a result, there is no meaningful data available to compile the Pilot Report at this time and therefore the Exchange is not filing a Pilot Report with this extension request. The Exchange believes it is appropriate to extend the SPY Pilot Program to provide time for other SROs to adopt similar rules eliminating position limits on SPY so that the Exchange can prepare a meaningful Pilot Report if it were to propose any further extension, permanent approval or termination of the program.

As with the original proposal to establish the SPY Pilot Program, the Exchange represents that the Pilot Report will be submitted within thirty (30) days of the end of the first twelve (12) months of the extend pilot period. The Pilot Report will detail the size and different types of strategies employed with respect to positions established as a result of the elimination of position limits in SPY. In addition, the Pilot Report will note whether any problems resulted due to the no limit approach and any other information that may be useful in evaluating the effectiveness of the pilot program. The Pilot Report will compare the impact of the pilot program, if any, on the volumes of SPY options and the volatility in the price of the underlying SPY shares, particularly at expiration. In preparing the report the Exchange will utilize various data elements such as volume and open interest. In addition, the Exchange has represented that it will make available to Commission staff data elements relating to the effectiveness of the pilot.

2. Statutory Basis
The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,\(^5\) in general, and Section 6(b)(5) of the Act,\(^6\) in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 believes that extending the SPY Pilot Program promotes just and equitable principles of trade by permitting market participants, including market makers, institutional investors and retail investors, to establish greater positions when pursuing their investment goals and needs.

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 proposed rule change is not designed to address any aspect of competition, whether between the Exchange and its competitors, or among market participants. Instead, the proposed rule change is designed to allow the SPY Pilot Program to continue while other SROs adopt similar provisions and meaningful data can be compiled into a Pilot Report.

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**

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Pursuant to Section 19(b)(3)(A) of the Act\(^7\) and Rule 19b-4(f)(6)\(^8\) thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay period for “non-controversial” proposals and make the proposed rule change effective and operative upon filing.\(^9\) The waiver is consistent with the protection of investors and public interest because it will permit the SPY Pilot Program to continue without interruption.

The Exchange believes that extending the SPY Pilot Program is non-controversial and would not significantly affect the protection of investors because it permits market participants to establish greater positions when pursuing their investment goals and needs. At the same time, the Exchange believes that the continued elimination of position and exercise limits for SPY options would not increase market volatility or facilitate the ability to manipulate the market. In addition, the Exchange believes that extending the SPY Pilot Program would provide additional time for other SROs to adopt similar rules eliminating position requirements for SPY options so that the Exchange can compile data


\(^9\) 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.
for a meaningful Pilot Report. The proposed rule change is also substantially similar in all material respects to a NYSE MKT LLC proposal.\footnote{See Securities Exchange Act Release No. 70734 (October 22, 2013), 78 FR 64255 (October 28, 2013) (Notice of Filing and Immediate Effectiveness of SR-NYSEMKT-2013-83).}

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 \((\text{http://www.sec.gov/rules/sro.shtml})\); or

- Send an e-mail to \text{rule-comments@sec.gov}. Please include File Number SR-BOX-2013-53 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-BOX-2013-53. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method.

The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission’s Public Reference Room, on business days between the hours of 10 a.m. and 3 p.m., located at 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BOX-2013-53 and should be submitted on or before [date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^{11}\)

Kevin M. O’Neill  
Deputy Secretary

\(^{11}\) 17 CFR 200.30-3(a)(12).
EXHIBIT 5

New language
[deleted language]

BOX Options Exchange LLC

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Rule 3120, Position Limits

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IM-3120-2

The position limits under Rule 3120 applicable to options on shares or other securities that represent interest in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Section 5020 of these Rules shall be the same as the position limits applicable to equity options under this Rule 3120, and any Interpretive Material thereunder, except that the position limits under this section applicable to option contracts on the securities listed in the below chart are as follows:

<table>
<thead>
<tr>
<th>Security Underlying Option</th>
<th>Position Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>The DIAMONDS Trust (DIA)</td>
<td>300,000 contracts</td>
</tr>
<tr>
<td>The Standard and Poor's Depositary Receipts Trust (SPY)</td>
<td>None</td>
</tr>
<tr>
<td>The iShares Russell 2000 Index Fund (IWM)</td>
<td>500,000 contracts</td>
</tr>
<tr>
<td>The PowerShares QQQ Trust (QQQQ)</td>
<td>900,000 contracts</td>
</tr>
<tr>
<td>The iShares MSCI Emerging Markets Index Fund (EEM)</td>
<td>500,000 contracts</td>
</tr>
</tbody>
</table>


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