

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-88889; File No. SR-BOX-2020-15)

May 15, 2020

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule on the BOX Options Market LLC (“BOX”) Facility to Remove the Pricing Changes That Were in Effect While the Trading Floor Was Inoperable

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 May 12, 2020, BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Fee Schedule on the BOX Options Market LLC (“BOX”) facility. 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>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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

As a precautionary measure to prevent the potential spread of coronavirus (COVID-19), BOX Exchange LLC (BOX) temporarily closed the Trading Floor in Chicago after the close of business on Friday, March 20, 2020. As a result, BOX filed a fee change to govern certain pricing changes to be in effect while the BOX Trading Floor was inoperable.⁵ On April 29, 2020, BOX announced that the BOX Trading Floor located in Chicago, Illinois will reopen on Monday, May 4, 2020. As such, BOX now proposes to remove the pricing changes that were in effect while the Trading Floor was inoperable. Specifically, the Exchange will remove the following language and corresponding chart from Section 1.C from Fee Schedule:

- “Participants will be assessed the following fees for Facilitation and Solicitation Transactions in lieu of those described in the preceding table when the BOX Trading Floor is inoperable. The Facilitation and Solicitation Transaction Rebate identified in Section I.C.1 will not apply when the BOX Trading Floor is inoperable.”

⁵ See Securities Exchange Act Release No. 88559 (April 3, 2020), 85 FR 19968 (April 9, 2020) (SR-BOX-2020-08).

| Account Type | Agency Order | | Facilitation Order or Solicitation Order | | Responses in the Solicitation or Facilitation Auction Mechanisms | |
|----------------------------------------|---------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------------------------|-------------------------|
| | Penny Pilot Classes | Non-Penny Pilot Classes | Penny Pilot Classes | Non-Penny Pilot Classes | Penny Pilot Classes | Non-Penny Pilot Classes |
| Public Customer | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.50 | \$1.15 |
| Professional Customer or Broker Dealer | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.50 | \$1.15 |
| Market Maker | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.50 | \$1.15 |

In addition, the Exchange will remove the following language from Section III.B from the Fee Schedule:

- “Participants will not be assessed Liquidity Fees and Credits for Facilitation and Solicitation Transactions when the BOX Trading Floor is inoperable.”

Lastly, the Exchange will remove the following language from Section IX. From the Fee Schedule:

- “BOX Participant Fees will not be assessed for Trading Floor-only Participants and Trading Floor Permit Fees will not be assessed for any Participant while the BOX Trading Floor is inoperable.”

The Exchange notes that the previously effective fees and rebates that were in place prior to the Trading Floor closing will be in effect beginning May 4, 2020. Specifically, the following fees and rebates will be assessed for Facilitation and Solicitation Transactions:

| Account Type | Agency Order | | Facilitation Order or Solicitation Order | | Responses in the Solicitation or Facilitation Auction Mechanisms | |
|----------------------------------------|---------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------------------------|-------------------------|
| | Penny Pilot Classes | Non-Penny Pilot Classes | Penny Pilot Classes | Non-Penny Pilot Classes | Penny Pilot Classes | Non-Penny Pilot Classes |
| Public Customer | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.25 | \$0.40 |
| Professional Customer or Broker Dealer | \$0.00 | \$0.00 | \$0.15 | \$0.15 | \$0.25 | \$0.40 |
| Market Maker | \$0.00 | \$0.00 | \$0.15 | \$0.15 | \$0.25 | \$0.40 |

A \$0.10 per contract rebate will be applied to Agency Orders executed through the Facilitation and Solicitation Auction Mechanisms where at least one party is a Non-Public Customer.

In addition, the Liquidity Fees and Credits for Facilitation and Solicitation Transactions pursuant to Section III.B of the Fee Schedule will be as follows⁶:

| | Fee for Adding Liquidity (All Account Types) | Credit for Removing Liquidity (All Account Types) |
|-------------------------|----------------------------------------------|---------------------------------------------------|
| Non-Penny Pilot Classes | \$0.75 | (\$0.75) |
| Penny Pilot Classes | \$0.25 | (\$0.25) |

The Exchange will continue to assess Trading Floor-only Participants the following Participant fees under Section IX. of the Fee Schedule:

- Initiation Fee - \$2,500 (one-time fee)

⁶ The Exchange notes, liquidity fees and credits are applied in addition to any applicable Electronic Transaction fees as described in Section I of the Fee Schedule.

- Participant Fee - \$1,500 per month
- Trading Floor Booth Space Fee - \$1,500 per month

Lastly, the Exchange will continue to assess Trading Floor Permit Fees for all Participants, specifically:

- Floor Market Maker - \$5,500 per month
- Floor Broker - \$500 per month
- Badge Fee - \$100 per month

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposed changes to update the Fee Schedule to remove obsolete fees and references that were effective during the Trading Floor closure maintains clarity in the Fee Schedule and will alleviate potential confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system and protecting investors and the public interest. As noted above, the proposed filing seeks to remove pricing changes that were in effect while the Trading Floor was inoperable. Because the BOX Trading Floor will reopen beginning on May 4, 2020, the Exchange believes the proposed changes are appropriate and will reduce investor confusion. Lastly, the Exchange believes that

⁷ 15 U.S.C. 78f(b)(4) and (5).

the proposed change is reasonable, equitable and not unfairly discriminatory because BOX will reassess the fees and rebates that were effective prior to the Trading Floor closure.

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 changes do not address competitive issues, but rather, as discussed above, are intended to amend the Fee Schedule to remove obsolete text and references that were effective during the Trading Floor closure due to the reopening of the BOX Trading Floor, which will alleviate potential confusion. Lastly, the Exchange notes that BOX will assess the fees and rebates that were effective prior to the Trading Floor closure. The Exchange does not believe that assessing these previously effective fees and rebates will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act⁸ and Rule 19b-4(f)(2) thereunder,⁹ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-BOX-2020-15 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-2020-15. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2020-15, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

J. Matthew DeLesDernier
Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).