

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-89437; File No. SR-BOX-2020-30)

July 31, 2020

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make a Number of Non-Substantive Changes to the Rulebook

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 July 22, 2020, BOX 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 change from interested persons.

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

The Exchange proposes to make a number of non-substantive changes to the rulebook.

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://boxoptions.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

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

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

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 the proposed rule change is to make a number of non-substantive changes to the rulebook. The Exchange believes these changes are necessary to correct inadvertent oversights to internal cross-references and other minor changes of a non-substantive nature in order to provide greater accuracy and clarity to the rulebook.

First, the Exchange is proposing to amend the BOX Rule 7110 (Order Entry). Specifically, the Exchange is proposing to remove the language “and strategies” in order to clarify that no complex orders will be accepted by the system during the pre-opening period.<sup>3</sup> The Exchange discovered the inadvertent inclusion during compliance testing of the rulebook and now seeks to amend the rule language to match how the BOX trading system currently functions.

Next, the Exchange proposes to correct two internal cross references contained in the Exchange’s rulebook. Specifically, within BOX Rule 7600(a)(4), the internal cross reference to the defined term Complex Orders must be updated from Rule 7240(a)(5) to Rule 7240(a)(7). Similarly, in Rule IM-8050-3, the internal cross-reference to Rule 100(a)(55) must be updated to Rule 100(a)(56).<sup>4</sup> The Exchange believes that these non-substantive changes will enhance the accuracy of the Exchange’s rules.

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<sup>3</sup> See BOX Rule 7070(a).

<sup>4</sup> BOX Rule 100(a)(56) defines “quote” or “quotation” as a bid or offer entered by a Market Maker as a firm order that updates the Market Maker’s previous bid or offer, if any.

Lastly, the Exchange previously submitted a rule filing noticed by the Commission for immediate effectiveness, where the Exchange proposed to make a number of non-substantive changes to the rulebook, including replacing the term “Options Participant” with “Participant”.<sup>5</sup> The rule proposal specified that certain Exchange rules were not options specific and therefore the Exchange deemed it appropriate to replace “Options Participant” with “Participant” to provide more general coverage. The proposed change was intended to clarify that the Exchange rules applied to Participants of the Exchange regardless of whether they participated in the trading of options. In doing so, the Exchange inadvertently overlooked additional references within the following paragraphs, which should have also been updated. The Exchange now proposes to amend these rules as it relates to the usage of the term “Options Participant” as follows:

- The Exchange proposes to replace “Options Participant” with “Participant” in Rule 10050(c) (Regulatory Cooperation), which details right of the Exchange to collect testimony and additional documentation in connection with investigations or disciplinary proceedings.
- The Exchange also proposes to replace “Options Participant” with “Participant” in Rule 12030(a)(1) (Letters of Consent) which outlines when the Exchange may dispose of a matter concerning violative conduct, pursuant to a letter of consent, in place of normal disciplinary procedures.

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<sup>5</sup> See Securities Exchange Act Release No. 83895 (August 21, 2018), 83 FR 43711 (August 27, 2018) (Notice of Filing and Immediate Effectiveness of SR-BOX-2018-27).

- Lastly, the Exchange also proposes to replace “Options Participant” with “Participant” in Rule 14000(b) which covers jurisdictional scope of disputes as it relates to Exchange arbitration.<sup>6</sup>

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>7</sup> in general, and Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system by ensuring that market participants can easily navigate, understand and comply with the Exchange’s rulebook. The Exchange believes that the proposed rule change enables the Exchange to continue to enforce the Exchange’s rules. The Exchange believes that none of the proposed changes discussed herein alter the application of any rules, or how the trading system currently functions. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national exchange system. Further, the Exchange

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<sup>6</sup> The Exchange notes that in paragraph 14000(b) the Exchange is also proposing to delete duplicative text “except that”, and correct a spelling error by changing “statue” to “statute” in the rule text.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

believes that, by ensuring the rulebook accurately reflects the intention of the Exchange's rules, the proposed rule change reduces potential investor or market participant confusion.

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. In this regard and as indicated above, the Exchange notes that the proposed changes will not alter the substance or application of any of the Exchange's rules. Therefore, the proposed changes will have no impact on competition as they are not designed to address any competitive issues but rather are designed to make clarifying, non-substantive changes.

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>9</sup> and Rule 19b-4(f)(6) thereunder.<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

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</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.

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 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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2020-30 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-2020-30. 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, D.C. 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-2020-30, 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.<sup>11</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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