SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-99007; File No. SR-BOX-2023-28)

November 21, 2023

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate
Effectiveness of a Proposed Rule Change to Establish IM-7600-8

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 November 17, 2023, BOX Exchange LLC

("BOX" or the "Exchange") 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 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 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 proposes to establish IM-7600-8. 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 https://rules.boxexchange.com/rulefilings.

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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[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).

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 establish IM-7600-8. Proposed IM-7600-8 codifies current functionality and proposes an additional enhancement. Specifically, the Exchange is proposing to codify current functionality that, upon order entry, the system reduces a Complex QOO Order or multi-leg QOO Order to its simplest form, which also requires a corresponding quantity increase and a price decrease (for example the system will reduce 6A+3B, 1 time to 2A+B, 3 times for 1/3 of the price).[5] Additionally, the Exchange is proposing that, if reducing the order to its simplest form results in a net price for the order that exceeds three decimal places, the system will round the net price of the Complex QOO Order or multi-leg QOO Order to the third decimal place with the advantage to the initiating side. For purposes of executing and determining the priority of the component legs of Complex QOO or multi-leg QOO Orders, the system will calculate the quantities and prices of the component legs in one cent ($0.01) increments necessary to achieve the net price of the order. The component legs of a Complex QOO Order or multi-leg QOO Order will execute in one cent ($0.01) increments and the priority of each component leg will be determined based on its execution price. A Complex QOO Order or multi-leg QOO Order that is reduced to its simplest form will be executed pursuant to the provisions in Rule 7600 (Qualified Open Outcry Orders - Floor Crossing), including Rule 7600(c) (Submission of QOO Orders).

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[5]   The strategy 6A+3B, 1 time for X price is equal to the strategy 2A+B, 3 times for X/3 of the price. See also infra note 5.

Background

Today, BOX Participants may submit a Complex QOO Order or multi-leg QOO Order with leg ratios that have not been reduced by the highest common denominator for the component legs of the order. Upon receipt of such a Complex QOO Order or multi-leg QOO Order, the system will reduce the order to its simplest form by dividing the leg quantities by their highest common denominator.[6] The system makes a corresponding reduction to the price of the strategy and a corresponding increase to the quantity of the strategy so that the net price of the order before and after the reduction by the highest common denominator is economically equivalent.[7] The order is then accepted into the system and processed according to Exchange rules. The Exchange reduces such strategy orders to their simplest form to avoid populating the Complex Order Book[8] with multiple versions of economically equivalent strategies which may cause confusion and result in unnecessary demands on system resources. Currently, when this process of reducing an order to its simplest form results in a net price with more than three decimal places (i.e., 1.666…) ("non-conforming strategy price"), the system rejects the Complex QOO Order or multi-leg QOO Order back to the submitting Participant.[9]

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[6]   For example, a Complex QOO Order is submitted as 6A+3B. The system will reduce the strategy to its simplest form by dividing each leg by their highest common denominator (i.e., 3), resulting in 2A+B (6A/3 + 3B/3). This operation is performed so that the system is not replete with multiple versions of economically equivalent strategies which would populate the Complex Order Book and may cause confusion and result in unnecessary demands on system resources.

[7]   For example, if the above Complex Order of 6A+3B was submitted with a price of 3.30 for the strategy, in addition to dividing each leg by 3, the system will divide the price by the same value, resulting in a price of 1.10 (3.30/3) for the reduced strategy of 2A+B. Additionally, the system would multiply the quantity of the strategy by 3 so that the net result is a strategy for 2A+B for 1.10, 3 times. In summary, the strategy 6A+3B, 1 time for 3.30 is economically equivalent to 2A+B, 3 times for 1.10.

[8]   The term "Complex Order Book" means the electronic book of Complex Orders maintained by the BOX Trading Host. <u>See</u> BOX Rule 7240(a)(8).

[9]   The Exchange notes that currently when reducing strategy orders to their simplest form results in a net price with three or fewer decimal places, the Complex QOO Order or multi-leg QOO Order is executed pursuant to the provisions in Rule 7600.

Proposal

The Exchange now proposes a system enhancement to accept a Complex QOO Order or multi-leg QOO Order with a non-conforming strategy price. Under this proposal, when reducing the leg ratios of the Complex QOO Order or multi-leg QOO Order, the system will now round a non-conforming strategy price to a net price with three decimals to the advantage of the initiating side instead of rejecting such orders. The order can then be accepted and processed pursuant to Exchange rules. The Exchange notes that the current priority rules for Complex QOO Orders and multi-leg QOO Orders will continue to apply. As discussed above, if the process of reducing a strategy order to its simplest form results in the net price of the order that exceeds three decimal places the system will round the net price of the Complex QOO Order or multi-leg QOO Order to the third decimal place with advantage to the initiating side. For purposes of executing and determining the priority of the component legs of Complex QOO or multi-leg QOO Orders, the system will calculate the quantities and prices of the component legs in one cent ($0.01) increments necessary to achieve the net price of the order. The component legs of a Complex QOO Order or multi-leg QOO Order will execute in one cent ($0.01) increments and the priority of each component leg will be determined based on its execution price. A Complex QOO Order or multi-leg QOO Order that is reduced to its simplest form will be executed pursuant to the provisions in Rule 7600 (Qualified Open Outcry Orders - Floor Crossing), including Rule 7600(c) (Submission of QOO Orders).

The priority rules for Complex QOO and multi-leg QOO Orders will apply to Complex QOO and multi-leg QOO Orders with prices rounded pursuant to proposed IM-7600-8. The Exchange notes that order priority rules for Complex QOO Orders include that Complex QOO Orders may not trade through any equal or better priced Public Customer orders on the Complex

Order Book and may not trade through any non-Public Customer Complex bids or offers on the Complex Order Book that are ranked ahead of such equal or better priced Public Customer Complex bids or offers, and may not trade through any non-Public Customer bids or offers on the Complex Order Book that are priced better than the proposed execution price. Additionally, the Complex QOO Order may be executed at a price without giving priority to equivalent bids or offers in the individual series legs on the initiating side, provided at least one options leg betters the corresponding bid or offer on the BOX Book by at least one minimum trading increment as set forth in Rule 7240(b)(1).[10]

Order priority rules for multi-leg QOO Orders include that each component series of a multi-leg QOO Order may not trade through any equal or better priced Public Customer bids or offers on the BOX Book for that series or any non-Public Customer bids or offers on the BOX Book for that series that are ranked ahead of or equal to better priced Public Customer bids or offers, and may not trade through any non-Public Customer bids or offers for that series on the BOX Book that are priced better than the proposed execution price. Specifically, the initiating side component legs of a multi-leg QOO Order must execute against the BOX Book as provided by Rules 7600(d) and (h) before executing against the contra-side multi-leg QOO Order.[11]

The following examples illustrate these concepts:

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[10]   See BOX Rule 7600(c). The term "BOX Book" means the electronic book of orders on each single option series maintained by the BOX Trading Host. See BOX Rule 100(a)(10).

[11]   See BOX Rule 7600(c). The Exchange notes that the initiating side of a QOO Order is allocated first against any better priced bids or offers on the BOX Book, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Next, at the same price as the contra-side of the QOO Order, if any contracts of the initiating side remain, the initiating side of the QOO Order will match against Public Customer Orders on the BOX Book, along with any bids or offers of non-Public Customers ranked ahead of such Public Customer Orders on the BOX Book, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Multiple bids or offers at the same price are matched based on time priority. See BOX Rules 7600(d)(1) and (2).

Example of the Proposed Rounding and Execution of a Complex QOO Order with a Non-Conforming Price

A Complex QOO Order is submitted to transact the strategy of 6A+3B for 12.50, 51 times, where the initiating side is buying (quoted in terms of the price of buying 6A+3B one time). The system will then reduce the order 6A+3B to its simplest form, dividing by its highest common denominator of 3, resulting in an order of 2A+B for a net price of 4.166… (12.50/3 = 4.166…) and a corresponding increase of the quantity to 153 (51 * 3). The strategy 2A+B for 4.166…, 153 times, is the equivalent of 6A+3B for 12.50, 51 times (6A/3+3B/3 = 2A+B). Under this proposal, the system will round 4.166… in favor of the initiating side, resulting in an order of 2A+B at a net price of 4.166, 153 times. Although the net price of the order is sub-penny, the component legs must execute in one cent ($0.01) increments. Accordingly, to execute at a net price of 4.166, the order will be executed at split prices of 2A+B for 4.16, 62 times and 2A+B for 4.17, 91 times.[12] The resulting average execution price per strategy is 4.1659 ((4.16 * 62/153) + (4.17 * 91/153) = 4.1659) with the advantage to the initiating side of the order.[13]

Example of Complex QOO Order with Resting Public Customer Complex Order

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[12] The Exchange notes that BOX currently utilizes rounding for the execution of split price transactions on the BOX Trading Floor when the quantity at each price level is not a natural number. Here, the current split pricing algorithm rounds the quantity of 2A+B for 4.16 to 62 times and 2A+B for 4.17 to 91 times because the calculation used to split 2A+B for 4.166, 153 times, results in a quantity of 61.2 for 4.16 and 91.8 for 4.17. Rounding 61.2 to 62 and 91.8 to 91, in this case, is to the advantage of the initiating side pursuant to BOX IM-7600-7.

[13] Today, when a Floor Broker submits a QOO Order to the system in sub-minimum increments, the system will split the QOO Order into two transactions. The transactions are separated by one tick that, when combined, will yield a net price equal to the original price entered by the Floor Broker. See Securities Exchange Act Release No. 82891 (March 16, 2018), 83 FR 12627 (March 22, 2018) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Adopt Rule 7600(i) To Allow Split-Price Transactions on the BOX Trading Floor). See also Securities Exchange Act Release No. 87613 (November 25, 2019), 84 FR 66049 (December 2, 2019) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 7600).

The above Complex QOO Order (6A+3B for 12.50, 51 times, reduced and rounded to 2A+B for 4.166, 153 times) would execute a quantity of 62 for 4.16 and a quantity of 91 for 4.17.[14] However, assuming there is a Public Customer Complex Order offered at 4.16 on the Complex Order Book, the above Complex QOO Order for 2A+B will be rejected[15] because the Public Customer Complex Order at 4.16 on the Complex Order Book has priority over the Complex QOO Order.

Example of Multi-Leg QOO Order with Ratio Reduction and No Price Rounding

A multi-leg QOO Order to buy 12A+3B for 12.498, 51 times, will first be reduced to its simplest form of 4A+B (12A/3+3B/3) for 4.166 (12.498/3) and a quantity of 153 (51*3) by the system. In order to accomplish this execution, the system would create an order to buy 4A+B for 4.16, 62 times, and an order to buy 4A+B for 4.17, 91 times.[16] Further, assume that the BOX Book for leg A is 0.50 bid and 0.52 offered and for leg B is 2.00 bid and 2.10 offered. The execution for 4.16 would be broken down into leg A for 0.52 and leg B for 2.08 (4*.52+2.08=4.16). If there were a Public Customer order on the BOX Book at either 0.52 for leg A or 2.08 for leg B, the multi-leg QOO Order would be rejected because the Public Customer Order at either 0.52 for leg A or 2.08 for leg B on the BOX Book has priority over the leg of the multi-leg QOO Order.[17]

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14   See supra note 10. [sic]

15   The Exchange notes that a Floor Broker may, but is not required to, provide a book sweep size. The book sweep size is the number of contracts, if any, of the initiating side of the QOO Order that the Floor Broker is willing to relinquish to orders and quotes on the Complex Order Book and the BOX Book that have priority pursuant to Rule 7240(b)(2) and (3) as well as Rule 7600(c). If the number of contracts on the Complex Order Book or the BOX Book that have priority over the contra-side order is greater than the book sweep size, then the QOO Order will be rejected. If the number of contracts on the Complex Order Book or BOX Book that have priority over the contra-side order is less than or equal to the book sweep size, then the QOO Order will execute. See BOX Rule 7600(h).

16   See supra note 10. [sic]

17   The Exchange notes that each component series of a multi-leg QOO Order may not trade through any equal or better priced Public Customer bids or offers on the BOX Book for that series or any non-Public

Example of the Proposed Rounding and Execution of a Multi-Leg QOO Order with a Non-Conforming Price

A multi-leg QOO Order is submitted to transact the strategy of 12A+3B for 12.50, 51 times, where the initiating side is buying (quoted in terms of the price of buying 12A+3B one time). The system will then reduce the order 12A+3B to its simplest form, dividing by its highest common denominator of 3, resulting in an order of 4A+B for a net price of 4.166… (12.50/3 = 4.166…) and a corresponding increase of the quantity to 153 (51*3). The strategy 4A+B for 4.166…, 153 times, is the equivalent of 12A+3B for 12.50, 51 times (12A/3+3B/3 = 4A+B). Under this proposal, the system will round 4.166… in favor of the initiating side, resulting in an order of 4A+B at a net price of 4.166, 153 times. Next, because the net price is sub-penny, the order will be executed at split prices of 4A+B for 4.16, 62 times and 4A+B for 4.17, 91 times.[18] The resulting average execution price per strategy is 4.1659 ((4.16 * 62/153) + (4.17 * 91/153) = 4.1659) with the advantage to the initiating side of the order.[19]

The Exchange notes that a similar concept exists at another exchange today.[20] Specifically, Phlx Options 8, Section 22(a)(2)(E)(i) states that "rounding of prices may be used only where necessary to execute the trade at the MPV, and only to the benefit of a Public Customer order or, where multiple Public Customer orders are involved, for the Public Customer order that is earliest in time. If no Public Customer order is involved, rounding of prices is

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Customer bids or offers on the BOX Book for that series that are ranked ahead of or equal to better priced Public Customer bids or offers, and may not trade through any non-Public Customer bids or offers for that series on the BOX Book that are priced better than the proposed execution price. See BOX Rule 7600(c). See also supra notes 9 and 13.

[18]   See supra note 10. [sic]

[19]   See supra note 11. [sic]

[20]   See Nasdaq PHLX LLC ("Phlx") Options 8, Section 22(a)(2)(E)(i).

available to the non-Public Customer order that is earliest in time." The Exchange notes that its

proposal differs from Phlx's rule in that the net prices for Complex QOO Orders or multi-leg

QOO Orders will be rounded to the advantage of the initiating side, which is in line with how

rounding happens on BOX today. Specifically, BOX currently utilizes rounding for the

execution of split price transactions on the BOX Trading Floor when the quantity at each price

level is not a natural number. In its filing where BOX established split price transactions, the

Exchange provided the following example which shows how rounding occurs in certain

situations where the allocation between two increment prices results in a fractional amount of

contracts.[21] The example is as follows:

> A Split-Price QOO Order for 301 contracts at $1.025 is received by the system where the
> initiating side is to sell. In order to achieve a net price of $1.025, 150.5 contracts would
> need to be executed at $1.00 and 150.5 would need to be executed at $1.05. However,
> executions must occur in whole natural numbers. Therefore, the system will instead
> round to the advantage of the initiating side. Specifically, the system will split the order
> into 151 contracts at $1.05 and 150 at $1.00. The average execution price is $1.0251
> which is a better price for the initiating side (i.e., selling 301 contracts for an average
> price of $1.0251 instead of $1.025). Two trades would be reported to the tape; a purchase
> of 151 contracts at $1.05 and a purchase of 150 contracts at $1.00.

The Exchange notes that, although Complex QOO Order and multi-leg QOO Order net prices are

allowed to be submitted in sub-minimum increment prices, the order, including the legs, may

only be executed in the minimum increment, which is one cent ($0.01).[22] Net order prices are

allowed in sub-minimum increments[23] because net execution prices can be achieved via split

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[21]   See Securities Exchange Act Release No. 82315 (December 13, 2017), 83 FR 12627 (March 22, 2018)
         (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule
         Change, as Modified by Amendment No. 1, To Adopt Rule 7600(i) To Allow Split-Price Transactions on
         the BOX Trading Floor).

[22]   See BOX Rules 7050(b) and 7240(b)(1).

[23]   The Exchange notes that the BOX system allows the net order price to be entered up to three places after
         the decimal.

prices where transactions separated by one tick are combined to yield a net price equal to or very nearly equal to the order price, with any advantage going to the initiating side.[24]

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, [25] in general, and Section 6(b)(5) of the Act, [26] in particular, in that it 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 to protect investors and the public interest.

The Exchange believes that codifying current functionality that, upon order entry, the system reduces a Complex QOO Order or multi-leg QOO Order to its simplest form removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest by providing clarity and transparency in the handling of certain strategy orders. Additionally, if the process of reducing a strategy order to its simplest form results in the net price of the order that exceeds three decimal places the Exchange proposes to round the net price of the Complex QOO Order or multi-leg QOO Order to the third decimal place with advantage to the initiating side. For purposes of executing and determining the priority of the component legs of Complex QOO or multi-leg QOO Orders, the system will calculate the quantities and prices in one cent ($0.01) increments of the component legs necessary to achieve the net price of the order. The component legs of a

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[24]   For example, a Floor Broker can execute a split price Complex QOO Order at a price of 2.005 in strategy A+B, 100 times (100 contracts of A and 100 contracts of B). The order would be split into A+B for 2.01, 50 times and A+B for 2.00, 50 times for a net price of 2.005 for the strategy. The following executions would be reported: 50 Leg A at 1.00, 50 Leg A at 1.00, 50 Leg B at 1.00, and 50 Leg B at 1.01.

[25]   15 U.S.C. 78f(b).

[26]   5 U.S.C. 78f(b)(5).

Complex QOO Order or multi-leg QOO Order will execute in one cent ($0.01) increments and the priority of each component leg will be determined based on its execution price. A Complex QOO Order or multi-leg QOO Order that is reduced to its simplest form will be executed pursuant to the provisions in Rule 7600 (Qualified Open Outcry Orders - Floor Crossing), including Rule 7600(c) (Submission of QOO Orders).

The Exchange believes that allowing investors to enter Complex QOO Orders and multi-leg QOO Orders without first reducing such orders to their simplest form allows investors the flexibility to express and enter orders according to their preferences. In order to better accommodate these investor preferences, the Exchange reduces such strategy orders to their simplest form so that the system is not replete with multiple versions of economically equivalent strategies which would populate the Complex Order Book and may cause confusion and result in unnecessary demands on system resources. Thus, the Exchange believes that accepting and handling such strategy orders as proposed removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest.

The Exchange believes that the proposed rule is consistent with current rules on BOX. Specifically, as detailed above, BOX rounds to the advantage of the initiating side for split-price transactions.[27] The Exchange believes that rounding to the advantage of the initiating side in certain situations results in the fair and equitable pricing of orders among BOX Participants, and provides clarity and transparency in the Exchange's rules so that all BOX Participants will be informed as to the net price the Participant is entitled to receive as a result of rounding. The Exchange believes that rounding to the advantage of the initiating side is reasonable and

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[27]   See supra note 11.

appropriate, as the initiating side is providing liquidity to the Exchange and thus adding value to the market.

The Exchange notes that order priority rules for Complex QOO Orders include that Complex QOO Orders may not trade through any equal or better priced Public Customer orders on the Complex Order Book and may not trade through any non-Public Customer Complex bids or offers on the Complex Order Book that are ranked ahead of such equal or better priced Public Customer Complex bids or offers, and may not trade through any non-Public Customer bids or offers on the Complex Order Book that are priced better than the proposed execution price. Additionally, the Complex QOO Order may be executed at a price without giving priority to equivalent bids or offers in the individual series legs on the initiating side, provided at least one options leg betters the corresponding bid or offer on the BOX Book by at least one minimum trading increment as set forth in Rule 7240(b)(1).[28] Order priority rules for multi-leg QOO Orders include that each component series of a multi-leg QOO Order may not trade through any equal or better priced Public Customer bids or offers on the BOX Book for that series or any non-Public Customer bids or offers on the BOX Book for that series that are ranked ahead of or equal to better priced Public Customer bids or offers, and may not trade through any non-Public Customer bids or offers for that series on the BOX Book that are priced better than the proposed execution price. Specifically, the initiating side component legs of a multi-leg QOO Order must execute against the Complex Order Book and the BOX Book as provided by Rules 7600(d) and (h) before executing against the contra-side multi-leg QOO Order.[29] These priority rules will

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[28]   See BOX Rule 7600(c).

[29]   See BOX Rule 7600(c). The Exchange notes that the initiating side of a QOO Order is allocated first against any better priced bids or offers on the BOX Book, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Next, at the same price as the contra-side of the QOO Order, if any contracts of the initiating side remain, the initiating side of the QOO Order will match against Public Customer Orders on the BOX Book, along with any bids or offers of non-Public Customers

continue to be applicable, which the Exchange believes removes impediments to and perfects the

mechanism of a free and open market and a national market system, and, in general protects

investors and the public interest.

Lastly, the Exchange notes that the proposed change will result in orders being accepted

on BOX that BOX's system currently rejects which, in turn, could result in increased liquidity on

BOX to the benefit of all Participants. 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. As discussed

above, the proposed change is consistent with the rules on BOX[30] and will allow BOX to accept

orders that it currently rejects, which may result in increased liquidity to the benefit of all

Participants. The Exchange also believes that the proposed change will not impose any burden on

intramarket competition as the proposed change applies equally to all Floor Participants who wish

to execute Complex QOO Orders or multi-leg QOO Orders on the BOX Trading Floor. Further, the

Exchange believes that the proposed change will not impose any burden on intermarket competition

as a similar concept currently exists on another exchange and other exchanges could choose to adopt

similar rules.[31]

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ranked ahead of such Public Customer Orders on the BOX Book, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Multiple bids or offers at the same price are matched based on time priority. See BOX Rules 7600(d)(1) and (2). Further rule 7600(h) provides that a Floor Broker may, but is not required to, provide a book sweep size for Complex QOO Orders and multi-leg QOO orders.

[30]   See BOX Rule 7600(i) and IM-7600-7. See also supra note 11.

[31]   See supra note 18.

As such, 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.

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 foregoing proposed rule change does not (a) significantly affect the

protection of investors or the public interest; (b) impose any significant burden on competition;

and (c) 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[32] and Rule 19b-4(f)(6) thereunder.[33]

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative

prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),[34] the

Commission may 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. The Exchange states that waiver of the delay will allow the Exchange to

immediately begin accepting orders that the Exchange's system currently rejects, which will

provide investors with the flexibility to express and enter orders according to their preferences.

Additionally, the Exchange states that accepting and executing orders that would otherwise be

rejected may increase liquidity on the Exchange, which would benefit all Exchange Participants.

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[32]   15 U.S.C. 78s(b)(3)(A).

[33]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give
        the Commission written notice of its 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.

[34]   17 CFR 240.19b-4(f)(6)(iii).

The Exchange notes that although orders may be submitted in sub-minimum increments, priority is determined and orders are executed in minimum increments of $0.01, and the proposal does not change order priority and execution as governed by Exchange Rule 7600, including Exchange Rule 7600(c).

The Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. As described above, BOX's system reduces complex QOO and multi-leg QOO orders submitted to the Exchange to their simplest form to avoid populating the Exchange's Complex Order Book with multiple versions of economically equivalent strategies. When this process results in a net price for a Complex QOO Order or multi-leg QOO Order that exceeds three decimal places, the Exchange's system currently rejects the Complex QOO Order or multi-leg QOO Order back to the submitting Participant. Under the proposal, the Exchange will round the net price of such an order to the third decimal place with the advantage to the initiating side. This process will allow the Exchange to accept Complex QOO and multi-leg QOO Orders that the Exchange's system currently rejects, which will provide investors with an additional venue for trading these orders. The system will calculate the quantities and prices, in $0.01 increments, of the component legs necessary to achieve the net price of a Complex QOO Order or multi-leg QOO Order, and the component legs of the orders will execute in $0.01 increments, with their priority based on their execution prices.[35] A Complex QOO Order or multi-leg QOO Order that has been reduced to its simplest form will be executed pursuant to Exchange Rule 7600, including Exchange Rule 7600(c).[36] As described above, the process for calculating the quantities and execution prices of the component legs of a

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[35]   See proposed BOX IM-7600-8.

[36]   See id.

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Complex QOO Order or multi-leg QOO Order is consistent with the process that the Exchange currently uses for executing split price transactions on the Exchange's trading floor.[37] For these reasons, the Commission designates the proposal operative upon filing.[38]

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 (http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. Please include file number SR-BOX-2023-28.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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[37]   See supra note 21 and accompanying text.

[38]   For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

All submissions should refer to file number SR-BOX-2023-22. 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-BOX-2023-28 and should be

submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE

FEDERAL REGISTER].

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

authority.[39]

Christina Z. Milnor,

Assistant Secretary

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[39]   17 CFR 200.30-3(a)(12).