New language
[deleted language]

BOX Exchange LLC

Rule 7110 Order Entry

(a) through (b) No Change.

(c) The following types of orders may be submitted to the Trading Host:

(1) through (4) No Change.

(5) Customer Cross Order. A Customer Cross Order is comprised of a non-Professional, Public Customer Order to buy and a non-Professional, Public Customer Order to sell at the same price and for the same quantity. Customer Cross Orders are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on BOX; (ii) is not at the same price as a Public Customer Order on the BOX Book; and (iii) will not trade through the NBBO. A Customer Cross Order will be rejected if there is an ongoing auction (including PIP, [COPIP,] Facilitation and Solicitation auctions) or an exposed order on the option series when the Customer Cross Order is received by the Exchange.

   (i) Customer Cross Orders will be automatically canceled if they cannot be executed.

   (ii) Customer Cross Orders may only be entered in the regular trading increments applicable to the options classes under Rule 7050.

   (iii) IM-7140-1 applies to the entry and execution of Customer Cross Orders.

(6) No Change.

(7) Complex Customer Cross Orders. A Complex Customer Cross Order, as defined in Rule 7240(b)(4)(iii), is automatically executed upon entry provided the execution (i) is at least $0.01 better than any Public Customer Complex Order on the Complex Order Book; (ii) is at least $0.01 better than the cBBO; (iii) is at or better than any non-Public Customer Complex Order on the Complex Order Book; and (iv) is at or between the cNBBO as defined in Rule 7240(a)(3). The system will reject a Complex Customer Cross Order if, at the time of receipt of the Complex Customer Cross Order: (i) the strategy is subject to an ongoing auction (including COPIP, Facilitation and Solicitation auctions); or (ii) there is an exposed order on the strategy pursuant to Rule 7240(b)(3)(B).

   (A) Complex Customer Cross Orders will be automatically cancelled if they cannot be executed.
(B) Complex Customer Cross Orders may only be entered in the minimum trading increments applicable to Complex Orders under Rule 7240(b)(1).

(C) IM-7140-1 applies to the entry and execution of Complex Customer Cross Orders.

(d) through (j) No Change.

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7240 Complex Orders

(a) No Change.

(b) Applicability of Exchange Rules.

Except as otherwise provided in this Rule, Complex Orders shall be subject to all other Exchange Rules that pertain to orders generally.

(1) through (3) No Change.

(4) Types of Complex Orders.

(i) Complex Orders may be entered as Fill-and-Kill orders, Limit Orders, Market Orders, or Session Orders, each as defined in 7110.

(ii) Complex Orders shall not be submitted to BOX as Directed Orders pursuant to Rule 8040.

(iii) Complex Customer Cross Order. A Complex Customer Cross Order is comprised of one Public Customer Complex Order to buy and one Public Customer Complex Order to sell at the same price and for the same quantity. Trading in Complex Customer Cross Orders is governed by Rule 7110.

(5) through (6) No Change.

(c) through (d) No Change.

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IM-7240-1

For the purposes of this IM-7240-1:
**Vertical Spread.** A “vertical spread” is a two-legged Complex Order with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with the same expiration date but different exercise prices.

**Butterfly Spread.** A “butterfly spread” is a three-legged Complex Order with two legs to buy (sell) the same number of calls (puts) and one leg to sell (buy) twice as many calls (puts), all with the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. If the exercise price of the middle leg is halfway between the exercise prices of the other legs, it is a "true" butterfly; otherwise, it is a "skewed" butterfly.

**Box Spread.** A “box spread” is a four-legged Complex Order with one leg to buy calls and one leg to sell puts with one strike price, and one leg to sell calls and one leg to buy puts with another strike price, all of which have the same expiration date and are for the same number of contracts.

The Exchange will reject an eligible Complex Order that is:

(a) **Debit/Credit Check:** A Limit Complex Order for a credit strategy with a net debit price, or a Limit Complex Order for a debit strategy with a net credit price.

(1) through (4)  No Change.

(5) This check applies to auctions (COPIP, Facilitation, and Solicitation), Complex Customer Cross Orders, and Complex QOO Orders in the same manner as it does to regular Complex Orders.

(b) **Maximum Price:** In addition to the debit/credit check, the system will calculate a maximum price for true butterfly spreads, vertical spreads, and box spreads. The system will reject a Complex Limit Order that is a true butterfly spread, vertical spread, or a box spread if the absolute value of the Complex Order’s limit price is greater than the maximum price. The system will reject a Complex Market Order that is a true butterfly spread, vertical spread, or a box spread if the absolute value of the execution price is greater than the maximum price. The maximum price is calculated by adding a price buffer to the absolute value of a true butterfly spread, vertical spread, or box spread.

(1) through (4)  No Change.

(5) This check applies to auctions (COPIP, Facilitation, and Solicitation), Complex Customer Cross Orders, and Complex QOO Orders in the same manner as it does to regular Complex Orders.

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