

deposited only in a Federal Reserve Bank or in demand deposit accounts with institutions that meet the standards set out in OCC's current risk management strategy (e.g., OCC's Third Party Risk Management Framework) to minimize the risk of loss or delay in access to such funds. The Commission believes further that limiting the investment of cash to Government Securities, and specifically limiting the investment of Clearing Member Cash to instruments that provide liquidity to OCC by the following business day, is consistent with investing in assets with minimal credit, market and liquidity risks.<sup>42</sup>

The Commission believes, therefore, that the addition of the Cash and Investment Management Policy to OCC's rules is consistent with Rule 17Ad-22(e)(16) under the Exchange Act.<sup>43</sup>

#### IV. Conclusion

*It is therefore noticed*, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act, that the Commission *does not object* to Advance Notice (SR-OCC-2021-803) and that OCC is *authorized* to implement the proposed change as of the date of this notice or the date of an order by the Commission approving proposed rule change SR-OCC-2021-014, whichever is later.

By the Commission.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94265; File No. SR-NASDAQ-2022-015]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change To Exempt Non-Convertible Bonds Listed Under Rule 5702 From Certain Corporate Governance Requirements

February 16, 2022.

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 February 4, 2022, The Nasdaq Stock Market LLC ("Nasdaq" or "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 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 exempt non-convertible bonds listed under Rule 5702 from certain corporate governance requirements. The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

#### 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

In November 2018, the Commission approved amendments to the Exchange's rules that permit the Exchange to list and trade non-convertible corporate debt securities (referred to herein as "bonds" or "non-convertible bonds") on the Nasdaq Bond Exchange.<sup>3</sup> Under the Exchange's listing rules then adopted, a non-convertible bond was eligible for initial listing on the Exchange only if it had a principal amount outstanding or market value of at least \$5 million and its issuer had at least one class of an equity security listed on Nasdaq, the New York Stock Exchange ("NYSE"), or NYSE American.<sup>4</sup> In February 2020, Nasdaq

amended Listing Rule 5702 to allow the listing of non-convertible bonds issued by certain companies not listed on Nasdaq, NYSE American or NYSE (the "2020 Filing").<sup>5</sup>

In 2018, Nasdaq stated its plan to seek exemptions to certain requirements of the Nasdaq Rule 5600 Series, including requirements relating to Review of Related Party Transactions (Rule 5630), Shareholder Approval (Rule 5635), and Voting Rights (Rule 5640),<sup>6</sup> but later indicated that it would not pursue those exemptions because, at the time, the equity of the issuers listing non-convertible bonds under Rule 5702 was required to be listed on Nasdaq, NYSE American or NYSE and therefore were subject to those Rules or substantially similar rules of NYSE American or the NYSE.<sup>7</sup>

Given the change made in the 2020 Filing to allow the listing of non-convertible bonds by issuers that are not otherwise listed on a national securities exchange, Nasdaq now proposes to exempt non-convertible bonds from the requirements relating to Review of Related Party Transactions (Rule 5630), Shareholder Approval (Rule 5635), and Voting Rights (Rule 5640).<sup>8</sup>

<sup>5</sup> Specifically, the 2020 Filing expanded the categories of non-convertible bonds eligible to be listed under Rule 5702 to include non-convertible bonds of affiliates of a listed company where: A listed company directly or indirectly owns a majority interest in, or is under common control with, the issuer of the non-convertible bond; or a listed company has guaranteed the non-convertible bond. In addition, for un-affiliated companies, the 2020 Filing allowed listing of non-convertible bonds where a nationally recognized securities rating organization (an "NRSRO") has assigned a current rating to the non-convertible bond that is no lower than an S&P Corporation "B" rating or equivalent rating by another NRSRO; or if no NRSRO has assigned a rating to the issue, an NRSRO has currently assigned (i) an investment grade rating to an immediately senior issue of the same company, or (ii) a rating that is no lower than an S&P Corporation "B" rating, or an equivalent rating by another NRSRO, to a pari passu or junior issue of the same company.

<sup>6</sup> See Securities Exchange Act Release No. 84001 (August 30, 2018), 83 FR 45289 (September 6, 2018).

<sup>7</sup> See Securities and Exchange Act Release No. 86072 (June 10, 2019), 84 FR 27816 (June 14, 2020).

<sup>8</sup> To increase the clarity of the rule, Nasdaq proposes to include in the proposed Listing Rule 5702(d) other exemptions applicable to an issuer of a non-convertible bond, as provided by Listing Rule 5615(a)(6)(A), which states, in the relevant parts, that issuers "whose only securities listed on Nasdaq are . . . debt securities . . . are exempt from the requirements relating to Independent Directors (as set forth in Rule 5605(b)), Compensation Committees (as set forth in Rule 5605(d)), Director Nominations (as set forth in Rule 5605(e)), Codes of Conduct (as set forth in Rule 5610), and Meetings of Shareholders (as set forth in Rule 5620(a)). In addition, these issuers are exempt from the requirements relating to Audit Committees (as set forth in Rule 5605(c)), except for the applicable requirements of SEC Rule 10A-3. Notwithstanding,

Continued

<sup>42</sup> The Policy would allow OCC to invest its own cash in longer-tenured instruments only where such cash is in excess of 110 percent of OCC's Target Capital Requirement.

<sup>43</sup> 17 CFR 240.17Ad-22(e)(16).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 84575 (November 13, 2018), 83 FR 58309 (November 19, 2018) (approving SR-NASDAQ-2018-070, as modified by Amendment Nos. 1-3) ("Approval Order").

<sup>4</sup> Rule 5702(4).

Nasdaq believes that it is appropriate to exempt non-convertible bonds satisfying the requirements of Listing Rule 5702, which are the same as the requirements for listing debt on NYSE American,<sup>9</sup> from the requirements relating to Review of Related Party Transactions (Rule 5630), Shareholder Approval (Rule 5635), and Voting Rights (Rule 5640). Nasdaq believes that listing requirements for non-convertible bonds are designed so that only companies capable of meeting their financial obligations are eligible to have their non-convertible bonds listed on Nasdaq. To issue a bond, the issuer hires a third-party trustee, typically a bank or trust company, to represent buyers of the bond. The agreement entered into by the issuer and the trustee is referred to as the trust indenture, which is a binding contract that is created to protect the interests of bondholders. Accordingly, holders of non-convertible bonds do not expect to have governance rights the way that equity investors may. The issuance of equity and assignment of voting rights does not affect these creditors because their interests are protected contractually, as indicated above. Accordingly, bondholders are focused on the ability of the issuer to meet their financial obligations and the listing rules already have standards in that regard. For this reason, non-convertible bonds are already exempt from many of the governance requirements.<sup>10</sup>

Nasdaq believes that it does not need to impose the requirements of the Rules in connection with listing of non-convertible bonds on issuers that have a class of equity listed on Nasdaq, NYSE or NYSE American because these issuers either have equity securities listed on Nasdaq, which makes them subject to the requirements of the Rules, or NYSE or NYSE American, which

if the issuer also lists its common stock or voting preferred stock, or their equivalent on Nasdaq it will be subject to all the requirements of the Nasdaq 5600 Rule Series.” Nasdaq also proposes to include in the proposed Listing Rule 5702(d) exemptions from the requirements relating to Diverse Board Representation (as set forth in Rule 5605(f)) and Board Diversity Disclosure (as set forth in Rule 5606) applicable to an issuer of a non-convertible bond, as provided by Listing Rules 5605(f)(4) and 5606(c), respectively.

<sup>9</sup> See Section 104 of the NYSE American Company Guide. In addition, NYSE has similar listing conditions, although the NYSE rule does not permit listing of debt securities where the issuer has equity securities listed on Nasdaq or NYSE American, is directly or indirectly owned by, or is under common control with, an issuer listed on Nasdaq or NYSE American, or where an issuer listed on Nasdaq or NYSE American has guaranteed the debt security. See Section 102.03 of the NYSE Listed Company Manual.

<sup>10</sup> See Listing Rule 5615(a)(6)(A) and footnote 8 above.

makes them subject to substantially similar requirements of such exchanges. In cases where listed issuers raise debt through entities they directly or indirectly own a majority interest in, or entities with which they are under common control, Nasdaq believes it is appropriate to exempt these issuers from the requirements of the Rules and rely on the company’s listing on Nasdaq, NYSE American or NYSE as evidence that the issuer of the non-convertible bond is capable of meeting its financial obligations because the issuer is a subsidiary or affiliate of the listed company.

Similarly, in other cases, where the issuer of the non-convertible bond is not a subsidiary or affiliate of a listed company, a listed company may nonetheless guarantee the debt and in these cases the guarantee by the listed company serves to ensure that if the company cannot, then its guarantor is capable of meeting the financial obligations of the non-convertible bond, particularly, because that debt is a senior security to the listed equity.

Nasdaq also believes that there are other indications that the issuer of a non-convertible bond is capable of meeting its financial obligations, besides the ties to a listed company described above. Specifically, in the case of these un-affiliated issuers, Nasdaq believes that it is appropriate to exempt from the requirements of the Rules issuers of listed bonds with a current rating from an NRSRO that is no lower than an S&P Corporation “B” rating or equivalent rating by another NRSRO because this is another third-party evaluation of the issuers ability to make interest payments and repay the loan upon maturity. Similarly, if a more junior issue of the same company, or an issue of the same company at the same priority in liquidation (a “*pari passu* issue”) has a rating no lower than an S&P Corporation “B” rating or an equivalent rating by another NRSRO, then it is appropriate to presume that the company will also be capable of meeting its obligations on the non-convertible bonds to be exempt from the requirements of the Rules because those bonds would be repaid in the same priority (if a *pari passu* issue) or sooner (if the other issue is more junior) as the “B” rated issue. Finally, if no NRSRO has assigned a rating to the issue to be listed, Nasdaq believes it is appropriate to consider the rating assigned to the next most senior issue of the same company. If that rating is an investment grade rating, which is higher than the “B” rating standard just described, then that also provides assurance that the company will be capable of meeting its

financial obligations on the non-convertible bond.<sup>11</sup> In assigning ratings, an NRSRO considers the ability of the issuer to make timely payments of interest and ultimate payment of principal to the related securities.<sup>12</sup>

Nasdaq notes that it performs real-time surveillance of the bonds for the purpose of maintaining a fair and orderly market at all times.<sup>13</sup> An issuer listing non-convertible bonds will continue to be subject to the existing continued listing requirement of Listing Rule 5702(b)(2) that it must be able to meet its obligations on the listed non-convertible bonds. These issuers are also subject to the requirement in Listing Rule 5702(c) to make prompt public disclosure of material information that would reasonably be expected to affect the value of its listed bonds or influence investors’ decisions regarding such bonds, which will allow Nasdaq to timely review for events that may cause the issuer to be unable to meet its obligations on the listed non-convertible bonds. Thus, for example, an issuer would have to disclose if a non-convertible bond that was previously guaranteed is no longer guaranteed, or if the issuer or guarantor declares bankruptcy. An issuer would also have to disclose if its common stock is delisted, and Nasdaq would consider whether it is appropriate to continue the listing of the non-convertible bond of an issuer that was majority-owned, under common control, or guaranteed by a listed company, which has since been delisted. Nasdaq also would consider any changes in the rating assigned to the bond or other issues of the same company that were used to qualify the listed bond.

Finally, Nasdaq notes that in approving the bond listing standards of other exchanges,<sup>14</sup> the Commission considered the delisting criteria for the bonds and noted that it would have serious concerns about any proposal

<sup>11</sup> See S&P Global “Understanding Ratings” available at <https://www.spglobal.com/ratings/en/about/understanding-ratings>, which identifies ratings of “BBB” or higher as investment grade, at least two levels higher than “B” ratings.

<sup>12</sup> See, e.g., Exhibit 2, Principles of Credit Ratings, to S&P Global Form NRSRO, available at [https://www.standardandpoors.com/en\\_US/delegate/getPDF?articleId=2193671&type=COMMENTS&subType=REGULATORY](https://www.standardandpoors.com/en_US/delegate/getPDF?articleId=2193671&type=COMMENTS&subType=REGULATORY).

<sup>13</sup> See Approval Order at 58313.

<sup>14</sup> See Section 104 of the NYSE American Company Guide; Securities Exchange Act Release No. 36594 (December 14, 1995), 60 FR 66330 (December 21, 1995) (approving SR-Amex-95-29). See also Securities Exchange Act Release No. 37878 (October 28, 1996), 61 FR 56726 (November 4, 1996) (Notice of filing and immediate effectiveness of proposed rule change by the Chicago Board Options Exchange, Inc., relating to listing and delisting standards for debt securities).

that does not provide for the delisting of convertible bonds where a company acts to disadvantage its shareholders. That concern was addressed by including in a requirement that the NYSE American would delist convertible bonds when the issuer's equity security is delisted due to a violation of the that exchange's corporate governance listing standards. However, in circumstances where the exchange lacked an equity listing relationship with the debt issuer the Commission concluded that:

the revised standards should enable [NYSE American] to identify listed companies that may have insufficient resources to meet their financial obligations or whose debt securities may lack adequate trading depth and liquidity. This, in turn, will allow [NYSE American] to take appropriate action to protect bondholders.

In terms of the delisting criteria, the Commission discussed the lack a minimum market value for debt securities, elimination of the distribution requirement for "unaffiliated"<sup>15</sup> issuers and set forth its expectation for the exchange to consider carefully the propriety of continued exchange trading of the securities of bankrupt or distressed companies, and indicated that it expected debt securities with minimal value to be delisted. However, the Commission did not discuss or set forth any expectations that an unaffiliated bond issuer should be subject to any corporate governance requirements applicable to an issuer of an equity security. Nasdaq believes this approach is consistent with the creditors' reliance on contractual protections of their interests rather than on governance rights, as described above. Accordingly, Nasdaq believes that it is appropriate to exempt non-convertible bonds satisfying the requirements of Listing Rule 5702 from the requirements of the Rules and that this approach is consistent with the delisting requirements of other exchanges.<sup>16</sup>

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>17</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>18</sup> in particular, in that it is designed 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.

Listing Rule 5702 allows the listing of non-convertible bonds issued by companies capable of meeting their financial obligations on those bonds. Nasdaq believes that the proposed rule change is designed to protect investors and the public interest because issuers that have equity securities listed on Nasdaq, are already subject to the requirements of the Rules, or such issuers are subject to the rules of NYSE or NYSE American, that impose substantially similar requirements.

Nasdaq also believes that exempting unaffiliated bond issuers is designed to remove impediments to and perfect the mechanism of a free and open market because issuers of such bonds are capable of meeting their financial obligations on those bonds and because Nasdaq lacks an equity listing relationship with the debt issuer or such relationship is attenuated. The existing alternative conditions for issuers that do not have equity securities listed on Nasdaq, NYSE American or NYSE are designed to protect investors and the public interest by ensuring that the bond is issued or guaranteed by an entity listed on Nasdaq, NYSE American or NYSE; is issued by an entity under direct, indirect or common control with an issuer listed on Nasdaq, NYSE American or NYSE; that the issue to be listed (or an issue that is at the same priority or junior to the issue to be listed) is assigned a minimum "B" rating or its equivalent by an NRSRO; or that the next most senior issue to the issue to be listed is assigned an investment grade rating. These conditions are appropriate indicia that the issuer, or a guarantor, can meet its obligations on the debt. Moreover, this approach is consistent with approach of NYSE American and other exchanges for listing debt.<sup>19</sup> As discussed above, Nasdaq believes that the Commission has previously considered this approach and approved listing standards that assure that an issuer is capable of meeting its financial obligations. Finally, Nasdaq notes that it surveils for changes to the conditions of listed bonds that may implicate the ability of the issuer to meet its obligations on the listed non-convertible bonds.

## 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. Rather, the proposed rule change will enhance competition among exchanges by conforming Nasdaq's listing standards for non-convertible bonds to those of other exchanges, as described in details above. In addition, the proposed rule change may enhance competition among issuers by allowing more issuers to list their non-convertible bonds on Nasdaq, provided they meet the requirements of the rule.

## 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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2022-015 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-NASDAQ-2022-015. This file number should be included on the

<sup>15</sup> The Commission defined an unaffiliated issuer as an issuer that has no equity securities listed on the [NYSE American] or NYSE; is not, directly or indirectly, majority-owned by, nor under common control with, an issuer of [NYSE American] or NYSE-listed equity securities; and is not issuing a debt security guaranteed by an issuer of equity securities listed on the [NYSE American] or NYSE.

<sup>16</sup> See footnote 14 above.

<sup>17</sup> 15 U.S.C. 78f(b).

<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> See Section 104 of the NYSE American Company Guide, Nasdaq Listing Rule 5515(b)(4) and Section 102.03 of the NYSE Listed Company Manual.

subject line if email 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 the 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-NASDAQ-2022-015, and should be submitted on or before March 16, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94264; File No. SR-BOX-2022-07]

### 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 Facility To Adopt Electronic Market Maker Trading Permit Fees

February 16, 2022.

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 February

1, 2022, BOX Exchange LLC ("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,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 to on the BOX Options Market LLC ("BOX") options 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>.

#### 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

The Exchange proposes to amend the Fee Schedule to establish a new monthly Participant Fee. Specifically, the Exchange proposes to adopt electronic Market Maker Trading Permit Fees as follows: (i) \$4,000 per month for Market Maker Appointments in up to and including 10 classes; (ii) \$6,000 per month for Market Maker Appointments in up to and including 40 classes; (iii) \$8,000 per month for Market Maker Appointments in up to and including

100 classes; and (iv) \$10,000 per month for Market Maker Appointments for over 100 classes. For the calculation of the monthly electronic Market Maker Trading Permit fees, the number of classes is defined as the greatest number of classes the Market Maker was appointed to quote in on any given day within the calendar month. The Exchange notes that the proposed electronic Market Maker Trading Permit fees are lower than fees assessed at competing options exchanges.<sup>5</sup> The Exchange notes the current monthly Participant Fee of \$1,500 per month will not apply to electronic Market Makers. Under this proposal, electronic Market Makers will pay the applicable monthly electronic Market Maker Trading Permit fee only. All other electronic Participants<sup>6</sup> will continue to pay the monthly Participant Fee in Section VIII.B of the BOX Fee Schedule.

The Exchange believes that it is important to demonstrate that these fees are based on its costs and reasonable business needs that have grown substantially since the Exchange implemented the Participant Fee for all BOX Participants in 2016. The Exchange also believes the proposed electronic Market Maker Trading Permit Fees will allow BOX to offset expenses that BOX has and will incur, and that BOX is providing sufficient transparency (as described below) into how BOX determined to charge such fees. Accordingly, BOX is providing an analysis of its revenues, costs, and profitability associated with the proposed electronic Market Maker Trading Permit Fees. This analysis includes information regarding its methodology for determining the costs and revenues associated with providing access services to electronic Market Makers.<sup>7</sup>

<sup>5</sup> See NYSE Arca, Inc. ("NYSEArca") Fee Schedule (assessing Market Makers \$6,000 for up to 175 option issues, an additional \$5,000 for up to 350 option issues, an additional \$4,000 for up to 1,000 option issues, and an additional \$3,000 for all option issues traded on the Exchange). The Exchange notes that these fees are compounded, so Market Makers who trade in all option issues on the exchange are assessed \$18,000 per month. See also Miami International Securities Exchange, LLC ("MIAX") Fee Schedule (assessing Market Makers \$7,000 for up to 10 classes or up to 20% of classes by volume, \$12,000 for up to 40 classes or up to 35% of classes by volume, \$17,000 for up to 100 classes or up to 50% of classes by volume, and \$22,000 for over 100 classes or over 50% of classes by volume up to all classes listed on MIAX).

<sup>6</sup> The Exchange notes the following Participant types on BOX: Public Customers, Professional Customers, Broker Dealers, and Market Makers. Pursuant to this proposal, Public Customers, Professional Customers, and Broker Dealers will continue to be charged the \$1,500 Participant Fee detailed in Section VIII.B of the BOX Fee Schedule.

<sup>7</sup> BOX notes that the structure of BOX is different from other options exchanges in the industry.

<sup>20</sup> 17 CFR 200.30-3(a)(12).

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

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

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

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