

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94416; File No. SR-BOX-2022-09]

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

March 15, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 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,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 to amend Section II.D (Strategy QOO Order Fee Cap and Rebate) 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 Section II.D (Strategy QOO Order Fee Cap and Rebate) of the BOX Fee Schedule. Specifically, the Exchange proposes to decrease the daily fee cap for short stock interest, long stock interest, merger, reversal, conversion, jelly roll, and box spread strategies⁵ executed on the same trading day from \$1,000 to \$500. Lastly, the Exchange notes that the daily fee cap for dividend strategies⁶ will continue to be \$1,000 per day per customer. As such, the Exchange proposes to add clarifying language to the Fee Schedule that states that for dividend strategies, the rebate of \$500 per customer will apply once the \$1,000 fee cap is met.⁷

⁵ A “short stock interest strategy” is defined as a transaction done to achieve a short stock interest arbitrage involving the purchase, sale, and exercise of in-the-money options of the same class. A “long stock interest strategy” is defined as a transaction done to achieve long stock involving the purchase, sale, and exercise of in-the-money options of the same class. A “merger strategy” is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, each executed prior to the date on which shareholders of record are required to elect their respective form of consideration, *i.e.*, cash or stock. A “reversal strategy” is established by combining a short security position with a short put and a long call position that shares the same strike and expiration. A “conversion strategy” is established by combining a long position in the underlying security with a long put and a short call position that shares the same strike and expiration. A “jelly roll strategy” is created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but with a different expiration from the first position. A “box spread strategy” is a strategy that synthesizes long and short stock positions to create a profit. Specifically, a long call and short put at one strike is combined with a short call and long put at a different strike to create synthetic long and synthetic short stock positions, respectively.

⁶ A “dividend strategy” is defined as a transaction done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend.

⁷ The Exchange notes that the daily fee cap for dividend strategies is similar to a fee cap at another options exchange in the industry. See Nasdaq Phlx LLC (“Phlx”) Fee Schedule. On Phlx, Lead Market Makers, Market Makers, Professionals, Firms and Broker-Dealers receive a fee cap of \$1,100 for dividend strategies executed on the same trading day in the same options class when such members are trading in their own proprietary account or on an agency basis.

The intent of the above change is to increase order flow in certain strategy QOO Orders on the BOX Trading Floor, which will benefit all market participants. The Exchange notes that these changes will apply equally to all Participants, regardless of Participant type or size of the Participant. The Exchange notes that similar fee caps exist at other options exchanges for these order types.⁸

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,⁹ 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’s proposal to decrease the daily fee cap for short stock interest, long stock interest, merger, reversal, conversion, jelly roll, and box spread strategies is reasonable as the Exchange believes it will incentivize Participants to execute a greater number of these strategy types on the BOX Trading Floor for the opportunity to qualify for the lower daily strategy cap. Strategy fee caps limit fees for Participants executing these strategy types.

Further, the Exchange’s proposal to decrease the daily fee cap for short stock interest, long stock interest, merger, reversal, conversion, jelly roll, and box spread strategies is equitable and not unfairly discriminatory because all account types may qualify for the strategy cap provided those strategies are executed on the same trading day.

As discussed above, the Exchange believes the proposed change will incentivize order flow in certain QOO Strategy Orders, and the Exchange believes that the decreased fee cap will

⁸ See NYSE American LLC (“NYSE American”) Options Fee Schedule Section I.J. At NYSE American, there is a \$1,000 cap on transaction fees for options Strategy Executions involving reversals and conversions, box spreads, short stock interest spreads, merger spreads, and jelly rolls; however, the cap is reduced to \$200 on transactions fees for qualifying strategies traded on the same trading day for those ATP Holders that trade at least 25,000 monthly billable contract sides in qualifying Strategy Executions. See also Nasdaq Phlx LLC (“Phlx”) Pricing Schedule, Options 7, Section 4. Phlx offers merger, short stock interest and box spread strategy cap, which is applicable to Lead Market Makers, Market Makers, Professionals, Firms and Broker-Dealers, of \$1,000 (daily) if more than one class of options, and \$700 (daily) if only in a single class of options. Further, Phlx offers a daily strategy cap for reversal and conversion and jelly roll strategies on the same trading day of \$200 (daily).

⁹ 15 U.S.C. 78f(b)(4) and (5).

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).

result in increased participation in these types of orders on the BOX Trading Floor. As such, the Exchange believes that increased participation on the Trading Floor will result in increased liquidity on the BOX Floor which will benefit all market participants.

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 Exchange does not believe that the proposed change burdens competition and will instead help promote competition by continuing to provide incentives for market participants to submit strategy orders to the BOX Trading Floor. Further, the Exchange does not believe that the proposed change will impose an undue burden on intra-market competition because all Floor Participants are subject to the proposed change, regardless of account type.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 Act¹⁰ and Rule 19b-4(f)(2) thereunder,¹¹ 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 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 email to rule-comments@sec.gov. Please include File Number SR-BOX-2022-09 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-2022-09. This file number should be included on the 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 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-2022-09, and should be submitted on or before April 11, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94415; File No. SR-NYSEAMER-2022-14]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Related to the Market-Wide Circuit Breaker in Rule 7.12E

March 15, 2022.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that on March 8, 2022, NYSE American LLC ("NYSE American" 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 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 Substance of the Proposed Rule Change

The Exchange proposes to extend the pilot related to the market-wide circuit breaker in Rule 7.12E to the close of business on April 18, 2022. The proposed rule change is available on the Exchange's website at www.nyse.com, 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 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries,

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).