Item 1. Text of Proposed Rule Change

a) BOX Exchange LLC (the "Exchange") proposes to amend Section V. Manual Transaction Fees of the Fee Schedule on the BOX Options Market LLC ("BOX") facility to increase the QOO and FOO Order Rebate to Floor Brokers for all Broker Dealer and Market Maker QOO and FOO Orders presented on the Trading Floor. The text of the proposed changes is attached as Exhibit 5.

b) Not applicable to application of any other Exchange rule.

c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by officers of the Exchange pursuant to authority delegated by the Exchange Board of Directors ("Board"). No further action is necessary for the filing of the proposed rule change.

Please refer questions and comments on the proposed rule change to Chris Zaremba, General Counsel for the Exchange, at (617) 235-2102.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a) Purpose

The purpose of this fee filing is to modify Section V.C. (QOO and FOO Order Rebate) of the BOX Fee Schedule. Currently, BOX offers Floor Brokers a $0.075 per contract rebate for all Broker Dealer and Market Maker QOO and FOO Orders presented on the Trading Floor.[1] The rebate does not apply to Public Customer executions, executions subject to the Strategy QOO Order Fee Cap and Rebate & Strategy FOO Order Fee Cap and Rebate, or Broker Dealer executions where the Broker Dealer is

[1] See BOX Fee Schedule Section V. (Manual Transaction Fees).

facilitating a Public Customer. The Exchange now proposes to offer Floor Brokers a rebate of $0.10 per contract for all Broker Dealer and Market Maker QOO and FOO Orders presented on the Trading Floor. The Exchange notes that it is not making any other changes to Section V.C (QOO and FOO Order Rebate). Floor Brokers will continue to receive a rebate of $0.05 per contract for all Professional Customer QOO and FOO Orders presented on the Trading Floor. The proposed change is intended, in part, as a competitive response to recent rebate changes at other exchanges.[2] The Exchange believes to the extent that the higher rebate allows Floor Brokers to attract QOO and FOO Orders and bring such orders to the BOX Trading Floor; Floor Participants will gain increased opportunities to interact with Broker Dealer and Market Maker QOO and FOO Orders and will benefit from increased trading and liquidity on the Trading Floor. The Exchange believes that this higher rebate will allow Floor Brokers to continue to price their services at a level that would enable them to attract order flow from market participants.

b) 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,[3] in particular, in that it provides for the equitable allocation of reasonable dues, fees, and

[2] See Securities Exchange Act Release No. 102242 (January 17, 2025), 90 FR 8059 (January 23, 2025) (SR-NYSEARCA-2025-03) and Securities Exchange Act Release No. 102241 (January 17, 2025), 90 FR 8071 (January 23, 2025) (SR-NYSEAMER-2025-04). The Exchange notes that, although the structure of BOX's QOO and FOO Order Rebate and NYSE Arca, Inc. and NYSE American LLC's Floor Broker Fixed Cost Prepayment Incentive Program ("FB Prepay Program") differ, both programs incentivize Floor Brokers to bring orders to their respective trading floors. Specifically, the FB Prepay Program is a prepayment incentive program that allows Floor Brokers to prepay certain of their annual Eligible Fixed Costs in exchange for the opportunity to qualify for certain volume rebates. BOX does not require prepayment in order to qualify for rebates. However, BOX believes the proposal to adjust the rebates on BOX is a competitive response because the aforementioned Floor Broker incentives all have the same purpose of attracting additional Floor Broker order flow to their respective trading floors.

[3] 15 U.S.C. 78f(b)(4) and (5).

other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The proposed change is reasonable, equitable, and not unfairly discriminatory. As a threshold matter, BOX is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[4]

There are currently 18 registered options exchanges competing for order flow. Based on publicly available information, no single exchange has more than 17% of U.S. options market share.[5] Therefore, currently no exchange possesses significant pricing power in the execution of options order flow. More specifically, in December 2024, BOX had 6.87% market share of options contracts traded.[6] In such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. Within this environment, market participants can freely and often do shift their order flow among BOX and competing venues in response to changes in their respective pricing schedules.

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[4] See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) ("Reg NMS Adopting Release").
[5] See https://www.cboe.com/us/options/market_share/market/2024-12-31/ (Month-to-Date ("MTD") % of Mkt as of December 31, 2024).
[6] Id.

The Exchange believes the proposed change is reasonable because the increased rebate for Broker Dealer and Market Maker QOO and FOO Orders should continue to encourage Floor Brokers to provide liquidity on BOX. To the extent that this incentive encourages Floor Brokers to facilitate customer transactions on BOX, Floor Participants will benefit from the increased liquidity. Further, the Exchange believes the increased Broker Dealer and Market Maker QOO and FOO Order rebate should incentivize Floor Brokers to encourage market participants to aggregate their executions at BOX as a primary execution venue because market participants may consolidate order flow as a matter of convenience. Specifically, the Exchange believes that this higher rebate will allow Floor Brokers to continue to price their services at a level that would enable them to attract order flow from market participants who would otherwise utilize the mechanisms offered by BOX's competitors. To the extent that the proposed change achieves its purpose in attracting more volume to BOX, this increased order flow would continue to make BOX a more competitive venue for order execution, thus improving market quality for all market participants.

The Exchange further believes that increasing the rebate offered to Floor Brokers from $0.075 to $0.10 per contract for all Broker Dealer and Market Maker QOO and FOO Orders presented on the Trading Floor is equitable and not unfairly discriminatory because the proposed change will apply uniformly to all similarly situated market participants and Floor Brokers are not obligated to present these QOO and FOO Orders on the Trading Floor. The Exchange believes that it is equitable and not unfairly discriminatory to only offer the rebate to Floor Brokers because it encourages Floor Brokers to facilitate transactions on BOX, which benefits all market participants by providing more trading opportunities. The Exchange also notes that Floor Market Makers

only represent their own interest on the Trading Floor and therefore do not need a similar incentive.

The Exchange believes that increasing the Broker Dealer and Market Maker QOO and FOO Order rebate from $0.075 to $0.10 while not increasing the Professional Customer QOO and FOO Order rebate from $0.05, is equitable and not unfairly discriminatory because the QOO and FOO Order Fees are lower for Professional Customers than either Broker Dealers or Market Makers, thus, additional incentives are not necessary. Specifically, QOO and FOO Order Fees for Professional Customers in both Penny Interval Classes and Non-Penny Interval Classes are $0.10, whereas such fees are $0.25 for Broker Dealers and $0.50 for Market Makers. Similarly, there is no QOO and FOO Order Rebate for Public Customers because QOO and FOO Order fees for Public Customers are $0.00. As such, the Exchange believes that increasing the Broker Dealer and Market Maker QOO and FOO Order rebate while not increasing the Professional Customer QOO and FOO Order rebate is reasonable, on balance, because of the lower fees assessed for QOO and FOO Orders for Professional Customers. The Exchange also believes that overall, Floor Brokers will continue to benefit from the Professional Customer QOO and FOO Order Rebate and the rebate will continue to incentivize Floor Brokers to present Professional Customer QOO and FOO Orders on the Trading Floor.

The Exchange believes it is equitable and not unfairly discriminatory to continue to not apply the rebate to Public Customers or Broker Dealers where the Broker Dealer is facilitating a Public Customer, as these executions are not assessed a fee for their QOO or FOO Orders, or to executions subject to Section V.D. (Strategy QOO Order Fee Cap and Rebate & Strategy FOO Order Fee Cap and Rebate) because Strategy QOO Orders and

Strategy FOO Orders are subject to different fee caps and rebates. As such, these orders do not need a similar incentive.

Finally, to the extent that the proposed change attracts more manual transactions to BOX, this increased order flow would continue to make BOX a more competitive venue for order execution. Thus, the Exchange believes that the proposed change would improve market quality for all market participants on BOX and attract more order flow to BOX, thereby improving market quality. The resulting increased volume and liquidity would provide more trading opportunities and tighter spreads to all market participants and thus would 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, protect investors and the public interest.

Item 4. 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.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the other 17 competing option exchanges if they deem fee levels at a particular venue to be excessive. Based on publicly available information, no single exchange has more than 17% of U.S. options market share.[7] Therefore, currently no exchange possesses significant pricing power in the execution of options order flow. More specifically, in December 2024, BOX had 6.87% market share of options contracts traded.[8]

[7] See https://www.cboe.com/us/options/market_share/market/2024-12-31/ (MTD % of Mkt as of December 31, 2024).
[8] Id.

The proposal does not impose an undue burden on intermarket competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where to transact their business. Because competitors are free to modify their own fees and rebates in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intramarket Competition. The proposed change is designed to continue encouraging Floor Brokers to facilitate transactions on BOX, which may increase liquidity on the Trading Floor and promote competition by allowing Floor Brokers to competitively price their services. The proposed rebates would be available to all Floor Brokers. To the extent that there is an additional competitive burden on Floor Market Makers, the Exchange believes that any such burden would be appropriate because Floor Brokers serve an important function in facilitating the execution of orders and price discovery for all market participants. Further, to the extent this proposal is successful, it will increase trading opportunities for Floor Market Makers because Floor Market Makers trade for their own accounts and benefit from having the opportunity to interact with orders that are made available in open outcry on the Trading Floor.

The Exchange believes further that increasing the Broker Dealer and Market Maker QOO and FOO Order rebate from $0.075 to $0.10 while not increasing the Professional Customer QOO and FOO Order rebate from $0.05, does not impose an undue burden on intramarket competition because the QOO and FOO Order Fees are lower for Professional Customers than either Broker Dealers or Market Makers, thus, additional incentives are not necessary. Specifically, QOO and FOO Order Fees for

Professional Customers in both Penny Interval Classes and Non-Penny Interval Classes are $0.10, whereas such fees are $0.25 for Broker Dealers and $0.50 for Market Makers. Similarly, there is no QOO and FOO Order Rebate for Public Customers because QOO and FOO Order fees for Public Customers are $0.00. As such, the Exchange believes that increasing the Broker Dealer and Market Maker QOO and FOO Order rebate while not increasing the Professional Customer QOO and FOO Order rebate does not impose an undue burden on competition, on balance, because of the lower fees assessed for Professional Customer QOO and FOO Orders. The Exchange further believes that it does not impose an undue burden on competition to continue to not apply the rebate to Public Customers or Broker Dealers where the Broker Dealer is facilitating a Public Customer, as these executions are not assessed a fee for their QOO or FOO Orders and do not need a similar incentive.

To the extent the proposed change attracts order flow to BOX, the Exchange believes the proposed change could continue to improve BOX's overall competitiveness and strengthen its market quality for all market participants.

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 rebates to remain competitive with other exchanges. For the reasons discussed above, the Exchange believes that the proposed change reflects this competitive environment.

Item 5. 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.

Item 6. Extension of Time Periods for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act[9] and Rule 19b-4(f)(2) thereunder,[10] 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.

Item 8. Proposed Change Based Upon Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

1. Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

5. Text of the Proposed Rule Change.

[9] 15 U.S.C. 78s(b)(3)(A)(ii).
[10] 17 CFR 240.19b-4(f)(2).