

Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2024 - * 24

Amendment No. (req. for Amendments *)

Filing by BOX Exchange LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the Fee Schedule

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Chris Last Name * Zaremba

Title * General Counsel

E-mail * czaremba@boxexchange.com

Telephone * (617) 235-2102 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, BOX Exchange LLC. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 10/11/2024

(Title *)

By Chris Zaremba

General Counsel

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

DN:
email=czaremba@boxexchange.com
Date: 2024.10.11 14:55:09 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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SR-BOX-2024-24 (19b-4).docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

SR-BOX-2024-24 (Ex 1).docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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SR-BOX-2024-24 (Ex 5).docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of Proposed Rule Change

a) BOX Exchange LLC (the “Exchange”) proposes to amend the Fee Schedule relating to Connectivity Fees and Port Fees for the BOX Options Market LLC (“BOX”) facility. 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 Exchange proposes to amend the Fee Schedule to increase Connectivity Fees for 10 gigabit (“Gb”) Connections, Non-10 Gb Connections, Financial Information Exchange (“FIX”) Ports, SOLA[®] Access Information Language (“SAIL”) Ports, Drop Copy Ports, and High Speed Vendor Feed (“HSVF”) Ports (collectively “Connectivity and Ports”).¹ Specifically, the Exchange proposes a one-time² increase to its fees for Connectivity and Ports in Sections III.A.2 and III.B of the Fee Schedule.

¹ The Exchange initially filed the proposed pricing change on June 3, 2024 (SR-BOX-2024-13). On June 18, 2024, the Exchange withdrew that filing and submitted SR-BOX-2024-16. On August 16, 2024, the Exchange withdrew SR-BOX-2024-16 and submitted SR-BOX-2024-19. The instant filing replaces SR-BOX-2024-19, which was withdrawn on October 10, 2024.

² If the Exchange intends to increase or decrease fees for Connectivity and Ports in the future, the Exchange would be required to file a proposed fee change with the Commission under Section 19(b) of the Act to amend its Fee Schedule.

By way of background, a physical connection is utilized by a Participant or non-Participant to connect to BOX at the datacenters where BOX's servers are located. BOX currently assesses the following physical connectivity fees for Participants and non-Participants on a monthly basis: \$1,000 per connection for a Non-10 Gb Connection and \$5,000 per connection for a 10 Gb Connection. The Exchange proposes to increase, on a one-time basis, the monthly fee for Non-10 Gb Connections from \$1,000 to \$1,080 per connection and from \$5,000 to \$5,400 monthly fee for each 10 Gb Connection. The Exchange notes the proposed fee change better enables BOX to continue to maintain and improve its market technology and services.

Further, BOX currently provides four types of ports, including: (i) the FIX Port, which allows Participants to electronically send orders in all products traded on BOX; (ii) the SAIL Port, which allows Market Makers to submit electronic quotes and orders and other Participants to submit orders to BOX; (iii) the Drop Copy Port, which provides a real-time feed containing trade execution, trade correction, trade cancellation and trade allocation for regular and complex orders on BOX for Participants; and (iv) the HSVF Port, which provides a BOX market data feed for both Participants and non-Participants. The Exchange notes that Participants must connect to a minimum of one port via FIX or SAIL and that there is no minimum or maximum number of ports required for the Drop Copy Port or the HSVF Port.

Current FIX Port fees are as follows:

FIX Ports	BOX Monthly Port Fees
1 st FIX Port	\$500 per port per month
FIX Ports 2 through 5	\$250 per port per month
Additional FIX Ports over 5	\$150 per port per month

Current SAIL Port fees are as follows:

SAIL Ports	BOX Monthly Port Fees
Market Making	\$1,000 per month for all Ports
Order Entry	\$500 per month per port (1-5 Ports) \$150 per month for each additional Port

The Exchange proposes to increase FIX Port fees on a one-time basis as follows:

FIX Ports	BOX Monthly Port Fees
1 st FIX Port	\$540 per port per month
FIX Ports 2 through 5	\$270 per port per month
Additional FIX Ports over 5	\$162 per port per month

The Exchange proposes to increase SAIL Port fees on a one-time basis as follows:

SAIL Ports	BOX Monthly Port Fees
Market Making	\$1,080 per month for all Ports
Order Entry	\$540 per month per port (1-5 Ports) \$162 per month for each additional Port

The Exchange also proposes to increase Drop Copy Ports on a one-time basis, currently \$500 per month, to \$540 per month for each month a Participant is credentialed to use a Drop Copy Port. Drop Copy Port fees will remain capped at \$2,000 per month.

The Exchange proposes lastly to increase HSVF Port fees on a one-time basis, currently \$1,500 per month, to \$1,620 per month for each month a Participant or non-Participant is credentialed to use the HSVF Port.

The Exchange notes that BOX continuously invests in improvements that enhance the value of its connectivity services. BOX has expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Participants and continue to compete among other options markets. BOX regularly invests in efforts to support and optimize its systems to support system capacity, reliability, and performance.

Yet the Exchange has not adjusted any of the fees included in this proposal since 2018, to even partially offset the costs of maintaining and enhancing its connectivity offerings.³

As discussed below, the Exchange proposes to adjust connectivity fees by an industry- and product-specific inflationary measure. It is reasonable and consistent with the Securities and Exchange Act of 1934 (the “Act”) for BOX to recoup its investments, at least in part, by adjusting its fees. Continuing to operate at fees frozen at 2018 levels impacts BOX’s ability to enhance its offerings and the interests of market participants. The proposed fee increases are based on an industry-specific Producer Price Index (PPI), which is a tailored measure of inflation.⁴ As a general matter, the Producer Price Index is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller. This contrasts with other metrics, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective.⁵ About 10,000 PPIs for individual products and groups of products are tracked and released each month.⁶ PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy—mining, manufacturing, agriculture, fishing, and forestry—as well as natural gas, electricity, and construction, among others. The PPI program

³ The 10 Gb and Non-10 Gb Connection fees were initially effective on July 19, 2018. See Securities Exchange Act Release No. 83728 (July 27, 2018), 83 FR 37853 (August 2, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on BOX Market LLC (“BOX”) Options Facility To Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network). These fees were suspended on September 17, 2018 and became effective again on October 31, 2019. HSVF port fees were increased on January 31, 2018. See Securities Exchange Act Release No. 82654 (February 7, 2018), 83 FR 6284 (February 13, 2018) (SR-BOX-2018-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Section VI. (Technology Fees) of the BOX Fee Schedule). SAIL, FIX, and Drop Copy port fees were established on April 27, 2018. See Securities Exchange Act Release No. 83197 (May 9, 2018), 83 FR 22567 (May 15, 2018) (SR-BOX-2018-15) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on the BOX Market LLC (“BOX”) Options Facility To Amend Connectivity Fees and Establish Port Fees).

⁴ See <https://fred.stlouisfed.org/series/PCU51825182>.

⁵ See <https://www.bls.gov/ppi/overview.htm>.

⁶ Id.

covers approximately 69 percent of the service sector's output, as measured by revenue reported in the 2017 Economic Census. For purposes of this proposal, the relevant industry-specific PPI is the Data Processing and Related Services PPI (“Data PPI”), which is an industry net-output PPI that measures the average change in selling prices received by companies that provide data processing services. The Data PPI was introduced in January 2002 by the Bureau of Labor Statistics (BLS) as part of an ongoing effort to expand Producer Price Index coverage of the services sector of the U.S. economy and is identified as NAICS - 518210 in the North American Industry Classification System.⁷ According to the BLS “[t]he primary output of NAICS 518210 is the provision of electronic data processing services. In the broadest sense, computer services companies help their customers efficiently use technology. The processing services market consists of vendors who use their own computer systems—often utilizing proprietary software—to process customers’ transactions and data. Companies that offer processing services collect, organize, and store a customer’s transactions and other data for record-keeping purposes. Price movements for the NAICS 518210 index are based on changes in the revenue received by companies that provide data processing services. Each month, companies provide net transaction prices for a specified service. The transaction is an actual contract selected by probability, where the price-determining characteristics are held constant while the service is repriced. The prices used in index calculation are the actual prices billed for the selected service contract.”⁸ The Exchange believes the Data PPI is an appropriate measure to be considered in the context of the

⁷ NAICS appears in the PPI Detailed Report and is available at <https://data.bls.gov/dataViewer/view/timeseries/PCU5182--5182-->.

⁸ See <https://www.bls.gov/ppi/factsheets/producer-price-index-for-the-data-processing-and-related-services-industry-naics-518210.htm>.

proposed rule change to modify the fee for BOX connectivity and ports because BOX uses its “own computer systems” and “proprietary software,” i.e., its own servers and proprietary matching engine software, respectively, to collect, organize, store and report customers’ transactions on BOX’s proprietary trading platform. In other words, BOX is in the business of data processing and related services.

For the period from July 2018 to April 2024, the Data PPI had a starting value of 107 in July 2018 and an ending value of 115.926 in April 2024, an 8.34% increase. This indicates that companies who are also in the data storage and processing business have generally increased prices for a specified service covered under NAICS 518210 by an average of 8.34% during this period. Based on that percentage change, the Exchange proposes to make a one-time fee increase of 8% for BOX connectivity and ports, which reflects an increase covering approximately the period since the last adjustment was made. The Exchange further believes the Data PPI is an appropriate measure for purposes of the proposed change on the basis that it is a stable metric with limited volatility, unlike other consumer-side inflation metrics. In fact, the Data PPI has not experienced a greater than 2.16% increase for any one calendar year period since Data PPI was introduced into the PPI in January 2002. The average calendar year change from January 2002 to December 2023 was .62%, with a cumulative increase of 15.67% over this 21-year period. The Exchange believes the Data PPI is considerably less volatile than other inflation metrics such as CPI, which has had individual calendar-year increases of more than 6.5%, and a cumulative increase of over 73% over the same period.⁹ The Exchange

⁹ See <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>.

believes the Data PPI, and significant investments into and enhanced performance of BOX, support the reasonableness of the proposed fee increases.¹⁰

b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the “Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4)¹⁴ of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Participants and other persons using its facilities.

¹⁰ See infra discussion of system performance advancements. Additionally, other exchanges have filed for increases in certain fees, based in part on comparisons to inflation. See, e.g., Securities Exchange Act Release Nos. 101017 (September 12, 2024), 89 FR 76545 (September 18, 2024) (SR-CboeBYX-2024-032); 100513 (July 12, 2024), 89 FR 58460 (July 18, 2024) (SR-Phlx-2024-27).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ Id.

¹⁴ 15 U.S.C. 78f(b)(4).

This belief is based on two factors. First, the current fees do not properly reflect the quality of the services and products, as the fees for the services and products in question have been static in nominal terms, and therefore falling in real terms due to inflation. Second, the Exchange believes that investments made in enhancing the capacity and speed of BOX systems increase the performance of the services and products.

As noted above, the Exchange has not increased any of the fees included in the proposal since 2018. However, in the years following the last fee increase BOX has made significant investments in upgrades to BOX systems, enhancing the quality of its services, as measured by, among other things, increased throughput and faster processing speeds. In other words, BOX customers have greatly benefitted, while the BOX's ability to recoup its investments has been hampered. Between 2018 and 2023, the inflation rate is 3.93% per year, on average, producing a cumulative inflation rate of 21.28%.¹⁵ Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 8.07%.¹⁶ The Exchange believes the Data PPI is a reasonable metric to base this fee increase on because it is targeted to producer-side increases in the data processing industry, which based on the definition adopted by BLS would include BOX's connectivity offerings. Notwithstanding inflation, as noted above, the Exchange has not increased its fees at all for over six years for the subject services. The proposed fee changes represent a modest increase from the current fees.

The Exchange believes the proposed fee increase is reasonable in light of BOX's continued expenditure in maintaining a robust technology ecosystem. Furthermore, BOX

¹⁵ See <https://www.officialdata.org/us/inflation/2018?endYear=2023&amount=1>.

¹⁶ The Exchange notes that for convenience the more general CPI inflation rate is compared to the Data PPI inflation rate between 2018 and 2023, which results in a Data PPI increase of 8.07% rather than 8.34% as calculated above between July of 2018 and April of 2024.

continues to invest in maintaining and enhancing its connectivity offerings – for the benefit and often at the behest of its Participants. Specifically, BOX has recently replaced trading servers and added additional servers to increase performance and capacity, to increase competitiveness, and to support growth. For example, the rapid growth of trading volumes from 2020 has increased the number of servers, network devices, and telecommunications lines required to keep pace with the growth of trade, order, and quote data. As part of another recent change, BOX deployed additional low latency network switches and increased its datacenter space. As a result of these initiatives, BOX increased its overall hardware footprint at the datacenters which directly results in increased support costs at the datacenter as well.

The goal of the initiatives discussed above, among other things, is to provide faster and more consistent order handling and matching performance for options, while ensuring quicker processing time and supporting increasing volumes. Accordingly, BOX continuously invests in improvements that enhance the value of its connectivity services. As discussed above, BOX expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Participants and continue to compete among other options markets. BOX regularly invests in efforts to support and optimize its systems to support system capacity, reliability, and performance.

Further, the Exchange notes that Participants and non-Participants will continue to choose the method of connectivity based on their specific needs and no broker-dealer is required to become a Participant of, let alone connect directly to, BOX. Moreover, direct connectivity is not a requirement to participate on BOX. Participants may choose to connect indirectly to BOX via a third-party reseller of connectivity. This indirect connectivity is a viable alternative for market participants to consume market data from

BOX without connecting directly to BOX (and thus not pay BOX's connectivity fees), which alternative is already being used by both Participants and non-Participants.

The Exchange believes that the proposed fee changes are equitably allocated and not unfairly discriminatory because the fee increase would be applied uniformly across all market participants that voluntarily subscribe to or purchase connectivity or ports. The Exchange also believes that the proposal represents an equitable allocation of reasonable dues, fees and other charges because Exchange fees have fallen in real terms during the relevant period. Finally, the Exchange believes that the proposed fee changes are not unfairly discriminatory because the fees would be assessed uniformly across all market participants, in the same manner they are today, that voluntarily purchase connectivity or ports, which would remain available for purchase by all market participants.

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. The proposed fee change will not impact intramarket competition because it will apply to all similarly situated Participants and non-Participants equally (i.e., all market participants that choose to purchase connectivity or ports).¹⁷ As such, the Exchange believes that the proposed fees do not put any market participants at a relative disadvantage compared to other market participants. As noted above, the fee schedule would continue to apply to all market participants that choose to connect to BOX in the same manner as it does today albeit at inflation-adjusted rates for certain fees, and market participants may choose whether to connect directly to BOX at all. The Exchange also believes that the level of the proposed fees neither favor nor penalize one or more

¹⁷ The Exchange notes that only Participants may purchase FIX Ports, SAIL Ports, and Drop Copy Ports.

categories of market participants in a manner that would impose an undue burden on competition.

The Exchange believes that the proposed fees do not impose a burden on competition that is not necessary or appropriate. In determining the proposed fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data PPI over a specified period of time is a reasonable means of recouping BOX's investment in maintaining and enhancing its connectivity offerings. The Exchange believes utilizing Data PPI, a tailored measure of inflation, to increase certain fees for BOX connectivity to recoup BOX's investment in maintaining and enhancing its connectivity offerings would not impose a burden on competition.

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 Act¹⁸ and Rule 19b-4(f)(2) thereunder,¹⁹ 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

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 17 CFR 240.19b-4(f)(2).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-BOX-2024-24)

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend the Fee Schedule relating to BOX Connectivity Fees and Port Fees on the BOX Options Market LLC facility

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on [DATE], BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (the “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 the Fee Schedule relating to BOX Connectivity Fees and Port Fees 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 <https://rules.boxexchange.com/rulefilings>.

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).

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 increase Connectivity Fees for 10 gigabit (“Gb”) Connections, Non-10 Gb Connections, Financial Information Exchange (“FIX”) Ports, SOLA[®] Access Information Language (“SAIL”) Ports, Drop Copy Ports, and High Speed Vendor Feed (“HSVF”) Ports (collectively “Connectivity and Ports”).⁵ Specifically, the Exchange proposes a one-time⁶ increase to its fees for Connectivity and Ports in Sections III.A.2 and III.B of the Fee Schedule.

By way of background, a physical connection is utilized by a Participant or non-Participant to connect to BOX at the datacenters where BOX’s servers are located. BOX currently assesses the following physical connectivity fees for Participants and non-Participants on a monthly basis: \$1,000 per connection for a Non-10 Gb Connection and \$5,000 per connection for a 10 Gb Connection. The Exchange proposes to increase, on a one-time basis, the

⁵ The Exchange initially filed the proposed pricing change on June 3, 2024 (SR-BOX-2024-13). On June 18, 2024, the Exchange withdrew that filing and submitted SR-BOX-2024-16. On August 16, 2024, the Exchange withdrew SR-BOX-2024-16 and submitted SR-BOX-2024-19. The instant filing replaces SR-BOX-2024-19, which was withdrawn on October 10, 2024.

⁶ If the Exchange intends to increase or decrease fees for Connectivity and Ports in the future, the Exchange would be required to file a proposed fee change with the Commission under Section 19(b) of the Act to amend its Fee Schedule.

monthly fee for Non-10 Gb Connections from \$1,000 to \$1,080 per connection and from \$5,000 to \$5,400 monthly fee for each 10 Gb Connection. The Exchange notes the proposed fee change better enables BOX to continue to maintain and improve its market technology and services.

Further, BOX currently provides four types of ports, including: (i) the FIX Port, which allows Participants to electronically send orders in all products traded on BOX; (ii) the SAIL Port, which allows Market Makers to submit electronic quotes and orders and other Participants to submit orders to BOX; (iii) the Drop Copy Port, which provides a real-time feed containing trade execution, trade correction, trade cancellation and trade allocation for regular and complex orders on BOX for Participants; and (iv) the HSVF Port, which provides a BOX market data feed for both Participants and non-Participants. The Exchange notes that Participants must connect to a minimum of one port via FIX or SAIL and that there is no minimum or maximum number of ports required for the Drop Copy Port or the HSVF Port.

Current FIX Port fees are as follows:

FIX Ports	BOX Monthly Port Fees
1 st FIX Port	\$500 per port per month
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SAIL Ports	BOX Monthly Port Fees
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The Exchange proposes to increase SAIL Port fees on a one-time basis as follows:

SAIL Ports	BOX Monthly Port Fees
Market Making	\$1,080 per month for all Ports
Order Entry	\$540 per month per port (1-5 Ports) \$162 per month for each additional Port

The Exchange also proposes to increase Drop Copy Ports on a one-time basis, currently \$500 per month, to \$540 per month for each month a Participant is credentialed to use a Drop Copy Port. Drop Copy Port fees will remain capped at \$2,000 per month.

The Exchange proposes lastly to increase HSVF Port fees on a one-time basis, currently \$1,500 per month, to \$1,620 per month for each month a Participant or non-Participant is credentialed to use the HSVF Port.

The Exchange notes that BOX continuously invests in improvements that enhance the value of its connectivity services. BOX has expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Participants and continue to compete among other options markets. BOX regularly invests in efforts to support and optimize its systems to support system capacity, reliability, and performance. Yet the Exchange has not adjusted any of the fees included in this proposal since 2018, to even partially offset the costs of maintaining and enhancing its connectivity offerings.⁷

⁷ The 10 Gb and Non-10 Gb Connection fees were initially effective on July 19, 2018. See Securities Exchange Act Release No. 83728 (July 27, 2018), 83 FR 37853 (August 2, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on BOX Market LLC (“BOX”) Options Facility To Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network). These fees were suspended on September 17, 2018 and became effective again on October 31, 2019. HSVF port fees were increased on January 31, 2018. See Securities Exchange Act Release No. 82654 (February 7, 2018), 83 FR 6284 (February 13, 2018) (SR-BOX-2018-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Section VI. (Technology Fees) of the BOX Fee Schedule). SAIL, FIX, and Drop Copy port fees were established on April 27, 2018. See Securities Exchange Act Release No. 83197 (May 9, 2018), 83 FR 22567 (May 15, 2018) (SR-

As discussed below, the Exchange proposes to adjust connectivity fees by an industry- and product-specific inflationary measure. It is reasonable and consistent with the Securities and Exchange Act of 1934 (the “Act”) for BOX to recoup its investments, at least in part, by adjusting its fees. Continuing to operate at fees frozen at 2018 levels impacts BOX’s ability to enhance its offerings and the interests of market participants. The proposed fee increases are based on an industry-specific Producer Price Index (PPI), which is a tailored measure of inflation.⁸ As a general matter, the Producer Price Index is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller. This contrasts with other metrics, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective.⁹ About 10,000 PPIs for individual products and groups of products are tracked and released each month.¹⁰ PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy—mining, manufacturing, agriculture, fishing, and forestry—as well as natural gas, electricity, and construction, among others. The PPI program covers approximately 69 percent of the service sector's output, as measured by revenue reported in the 2017 Economic Census. For purposes of this proposal, the relevant industry-specific PPI is the Data Processing and Related Services PPI (“Data PPI”), which is an industry net-output PPI that measures the average change in selling prices received by companies that provide data processing services. The Data PPI was introduced in January 2002 by the Bureau of Labor Statistics (BLS) as part of an ongoing effort to expand Producer Price Index coverage of the

BOX-2018-15) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on the BOX Market LLC (“BOX”) Options Facility To Amend Connectivity Fees and Establish Port Fees).

⁸ See <https://fred.stlouisfed.org/series/PCU51825182>.

⁹ See <https://www.bls.gov/ppi/overview.htm>.

¹⁰ Id.

services sector of the U.S. economy and is identified as NAICS - 518210 in the North American Industry Classification System.¹¹ According to the BLS “[t]he primary output of NAICS 518210 is the provision of electronic data processing services. In the broadest sense, computer services companies help their customers efficiently use technology. The processing services market consists of vendors who use their own computer systems—often utilizing proprietary software—to process customers’ transactions and data. Companies that offer processing services collect, organize, and store a customer’s transactions and other data for record-keeping purposes. Price movements for the NAICS 518210 index are based on changes in the revenue received by companies that provide data processing services. Each month, companies provide net transaction prices for a specified service. The transaction is an actual contract selected by probability, where the price-determining characteristics are held constant while the service is repriced. The prices used in index calculation are the actual prices billed for the selected service contract.”¹² The Exchange believes the Data PPI is an appropriate measure to be considered in the context of the proposed rule change to modify the fee for BOX connectivity and ports because BOX uses its “own computer systems” and “proprietary software,” i.e., its own servers and proprietary matching engine software, respectively, to collect, organize, store and report customers’ transactions on BOX’s proprietary trading platform. In other words, BOX is in the business of data processing and related services.

For the period from July 2018 to April 2024, the Data PPI had a starting value of 107 in July 2018 and an ending value of 115.926 in April 2024, an 8.34% increase. This indicates that companies who are also in the data storage and processing business have generally increased

¹¹ NAICS appears in the PPI Detailed Report and is available at <https://data.bls.gov/dataViewer/view/timeseries/PCU5182--5182-->.

¹² See <https://www.bls.gov/ppi/factsheets/producer-price-index-for-the-data-processing-and-related-services-industry-naics-518210.htm>.

prices for a specified service covered under NAICS 518210 by an average of 8.34% during this period. Based on that percentage change, the Exchange proposes to make a one-time fee increase of 8% for BOX connectivity and ports, which reflects an increase covering approximately the period since the last adjustment was made. The Exchange further believes the Data PPI is an appropriate measure for purposes of the proposed change on the basis that it is a stable metric with limited volatility, unlike other consumer-side inflation metrics. In fact, the Data PPI has not experienced a greater than 2.16% increase for any one calendar year period since Data PPI was introduced into the PPI in January 2002. The average calendar year change from January 2002 to December 2023 was .62%, with a cumulative increase of 15.67% over this 21-year period. The Exchange believes the Data PPI is considerably less volatile than other inflation metrics such as CPI, which has had individual calendar-year increases of more than 6.5%, and a cumulative increase of over 73% over the same period.¹³ The Exchange believes the Data PPI, and significant investments into and enhanced performance of BOX, support the reasonableness of the proposed fee increases.¹⁴

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the “Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ requirements that the rules of an exchange be designed to

¹³ See <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>.

¹⁴ See *infra* discussion of system performance advancements. Additionally, other exchanges have filed for increases in certain fees, based in part on comparisons to inflation. See, e.g., Securities Exchange Act Release Nos. 101017 (September 12, 2024), 89 FR 76545 (September 18, 2024) (SR-CboeBYX-2024-032); 100513 (July 12, 2024), 89 FR 58460 (July 18, 2024) (SR-Phlx-2024-27).

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4)¹⁸ of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Participants and other persons using its facilities.

This belief is based on two factors. First, the current fees do not properly reflect the quality of the services and products, as the fees for the services and products in question have been static in nominal terms, and therefore falling in real terms due to inflation. Second, the Exchange believes that investments made in enhancing the capacity and speed of BOX systems increase the performance of the services and products.

As noted above, the Exchange has not increased any of the fees included in the proposal since 2018. However, in the years following the last fee increase BOX has made significant investments in upgrades to BOX systems, enhancing the quality of its services, as measured by, among other things, increased throughput and faster processing speeds. In other words, BOX customers have greatly benefitted, while the BOX's ability to recoup its investments has been hampered. Between 2018 and 2023, the inflation rate is 3.93% per year, on average, producing a

¹⁷ Id.

¹⁸ 15 U.S.C. 78f(b)(4).

cumulative inflation rate of 21.28%.¹⁹ Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 8.07%.²⁰ The Exchange believes the Data PPI is a reasonable metric to base this fee increase on because it is targeted to producer-side increases in the data processing industry, which based on the definition adopted by BLS would include BOX's connectivity offerings. Notwithstanding inflation, as noted above, the Exchange has not increased its fees at all for over six years for the subject services. The proposed fee changes represent a modest increase from the current fees.

The Exchange believes the proposed fee increase is reasonable in light of BOX's continued expenditure in maintaining a robust technology ecosystem. Furthermore, BOX continues to invest in maintaining and enhancing its connectivity offerings – for the benefit and often at the behest of its Participants. Specifically, BOX has recently replaced trading servers and added additional servers to increase performance and capacity, to increase competitiveness, and to support growth. For example, the rapid growth of trading volumes from 2020 has increased the number of servers, network devices, and telecommunications lines required to keep pace with the growth of trade, order, and quote data. As part of another recent change, BOX deployed additional low latency network switches and increased its datacenter space. As a result of these initiatives, BOX increased its overall hardware footprint at the datacenters which directly results in increased support costs at the datacenter as well.

The goal of the initiatives discussed above, among other things, is to provide faster and more consistent order handling and matching performance for options, while ensuring quicker processing time and supporting increasing volumes. Accordingly, BOX continuously invests in

¹⁹ See <https://www.officialdata.org/us/inflation/2018?endYear=2023&amount=1>.

²⁰ The Exchange notes that for convenience the more general CPI inflation rate is compared to the Data PPI inflation rate between 2018 and 2023, which results in a Data PPI increase of 8.07% rather than 8.34% as calculated above between July of 2018 and April of 2024.

improvements that enhance the value of its connectivity services. As discussed above, BOX expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Participants and continue to compete among other options markets. BOX regularly invests in efforts to support and optimize its systems to support system capacity, reliability, and performance.

Further, the Exchange notes that Participants and non-Participants will continue to choose the method of connectivity based on their specific needs and no broker-dealer is required to become a Participant of, let alone connect directly to, BOX. Moreover, direct connectivity is not a requirement to participate on BOX. Participants may choose to connect indirectly to BOX via a third-party reseller of connectivity. This indirect connectivity is a viable alternative for market participants to consume market data from BOX without connecting directly to BOX (and thus not pay BOX's connectivity fees), which alternative is already being used by both Participants and non-Participants.

The Exchange believes that the proposed fee changes are equitably allocated and not unfairly discriminatory because the fee increase would be applied uniformly across all market participants that voluntarily subscribe to or purchase connectivity or ports. The Exchange also believes that the proposal represents an equitable allocation of reasonable dues, fees and other charges because Exchange fees have fallen in real terms during the relevant period. Finally, the Exchange believes that the proposed fee changes are not unfairly discriminatory because the fees would be assessed uniformly across all market participants, in the same manner they are today, that voluntarily purchase connectivity or ports, which would remain available for purchase by 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 proposed fee change will not impact intramarket competition because it will apply to all similarly situated Participants and non-Participants equally (i.e., all market participants that choose to purchase connectivity or ports).²¹ As such, the Exchange believes that the proposed fees do not put any market participants at a relative disadvantage compared to other market participants. As noted above, the fee schedule would continue to apply to all market participants that choose to connect to BOX in the same manner as it does today albeit at inflation-adjusted rates for certain fees, and market participants may choose whether to connect directly to BOX at all. The Exchange also believes that the level of the proposed fees neither favor nor penalize one or more categories of market participants in a manner that would impose an undue burden on competition.

The Exchange believes that the proposed fees do not impose a burden on competition that is not necessary or appropriate. In determining the proposed fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data PPI over a specified period of time is a reasonable means of recouping BOX's investment in maintaining and enhancing its connectivity offerings. The Exchange believes utilizing Data PPI, a tailored measure of inflation, to increase certain fees for BOX connectivity to recoup BOX's investment in maintaining and enhancing its connectivity offerings would not impose a burden on competition.

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 Effectiveness

²¹ The Exchange notes that only Participants may purchase FIX Ports, SAIL Ports, and Drop Copy Ports.

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act²² and Rule 19b-4(f)(2) thereunder,²³ 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 e-mail to rule-comments@sec.gov. Please include File Number SR-BOX-2024-24 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BOX-2024-24. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

²² 15 U.S.C. 78s(b)(3)(A)(ii).

²³ 17 CFR 240.19b-4(f)(2).

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. 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-2024-24 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Kevin M. O'Neill
Deputy Secretary

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New language
[deleted language]

BOX Exchange Fee Schedule

* * * * *

III. Technology Fees

A. Connectivity Fees

1. Third Party Connectivity Fees

Market participants are required to connect to the BOX network (including cross-connects)¹⁴ through datacenters owned and operated by third-party vendors. Certain fees are assessed by the datacenters and will be billed directly to the market participant. BOX will pass-through any connectivity fees to Participants and non-Participants that are assessed to BOX by these third-party external vendors on behalf of a Participant or non-Participant. Connectivity fees can include one-time set-up fees, monthly charges, and other fees charged by the third-party vendor in exchange for the services provided to the market participant.

2. BOX Connectivity Fees

Connection Type	Monthly Fees
Non-10 Gb Connection	\$[1,000] <u>1,080</u> per connection
10 Gb Connection	\$[5,000] <u>5,400</u> per connection

B. Port Fees

1. FIX

BOX will assess monthly Financial Information Exchange (“FIX”) Port¹⁵ Fees on Participants in each month the Participant is credentialed to use a FIX Port in the production environment and based upon the number of credentialed FIX Ports.

FIX Ports	BOX Monthly Port Fees
1 st FIX Port	\$[500] <u>540</u> per port per month
FIX Ports 2 through 5	\$[250] <u>270</u> per port per month
Additional FIX Ports over 5	\$[150] <u>162</u> per port per month

2. SAIL

BOX will assess monthly SOLA® Access Information Language (“SAIL”) Port¹⁶ Fees on all Participants in each month the Participant is credentialed to use a SAIL Port in the production environment and based upon the number of credentialed SAIL Ports.

SAIL Ports	BOX Monthly Port Fees
Market Making	\$ 1000 <u>1,080</u> per month for all Ports
Order Entry	\$ 500 <u>540</u> per month per port (1-5 Ports) \$ 150 <u>162</u> per month for each additional Port

3. Drop Copy

BOX will assess Drop Copy Port¹⁷ Fees of \$~~500~~540 per port per month for each month a Participant is credentialed to use a Drop Copy Port. Drop Copy Port Fees will be capped at \$2,000 per month.

4. High Speed Vendor Feed (“HSVF”) Port

BOX will assess a HSVF Port Fee of \$~~1500.00~~1,620 per month for each month a Participant or non-Participant is credentialed to use the HSVF Port.

* * * * *

¹⁴ A “cross connect” occurs when the affected third-party system is located at the same datacenter where BOX systems are located, and the third-party connects to BOX through the datacenter.

¹⁵ The FIX Port is an interface with BOX systems that enables the Port user (typically an Exchange Participant or a Market Maker) to submit regular and complex orders to BOX.

¹⁶ SAIL Market Making Ports are connections to BOX systems that enable Market Makers to continuously quote on BOX, while SAIL Order Entry Ports allow Market Makers and other Participants to submit order flow to BOX.

¹⁷ The Drop Copy Port is a real-time feed containing trade execution, trade correction, trade cancellation and trade allocation for regular and complex orders on BOX.