



BOXSM
O P T I O N S

Informational Circular

IC-2020-17

TO: BOX Options Participants
FROM: BOX Market Operations Center
SUBJECT: Fee Changes – June 2020
DATE: May 29, 2020

Effective **June 1, 2020**, BOX Exchange LLC ("BOX") is making the following changes to the BOX Fee Schedule:¹

Manual Transactions

BOX is decreasing the fees for Qualified Open Outcry "QOO" Orders on the BOX Trading Floor for Professional Customers from \$0.25 to \$0.10.

QOO Order Fees will now be charged as follows:

Account Type	Penny Pilot Classes	Non-Penny Pilot Classes
Public Customer	\$0.00	\$0.00
Professional Customer	\$0.10	\$0.10
Broker Dealer	\$0.25	\$0.25
Broker Dealer Facilitating a Public Customer ²	\$0.00	\$0.00
Market Maker	\$0.25	\$0.25

QOO Order Rebate

A \$0.05 per contract QOO Rebate will be applied to all Professional Customer QOO Orders presented on the Trading Floor. The \$0.075 per contract QOO Rebate will now only apply to all Broker Dealer and Market Maker QOO Orders presented on the Trading Floor.

¹ Pending regulatory approval.

² ¹⁵ A "Broker Dealer facilitating a Public Customer" applies to any Manual transaction executed using the open outcry process involving a Broker Dealer that has a Public Customer of that same Broker Dealer on the contra side of the transaction, or where the Broker Dealer and the Public Customer both clear through the same clearing firm and the Broker Dealer clears in the customer range.

Strategy Order Facilitation and Solicitation Transactions

BOX is establishing a separate Facilitation and Solicitation Transaction fee structure for electronic Strategy Orders. Specifically, short stock interest, merger, reversal, conversion, jelly roll, and box spread strategies will be subject to the fees listed in the table below.² Fees for these transactions will be capped at \$1,000 per day.³

	Agency Order		Facilitation Order or Solicitation Order		Responses in the Solicitation or Facilitation Auction Mechanisms	
Account Type	Penny Pilot Classes	Non-Penny Pilot Classes	Penny Pilot Classes	Non-Penny Pilot Classes	Penny Pilot Classes	Non-Penny Pilot Classes
Public Customer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$0.40
Professional Customer	\$0.10	\$0.10	\$0.10	\$0.10	\$0.25	\$0.40
Broker Dealer	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.40
Market Maker	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.40

On each trading day, Participants will be eligible to receive a \$500 rebate for initiating the Strategy Orders listed above through the electronic Facilitation or Solicitation mechanisms as well as manually through the BOX Trading Floor. The rebate will be applied once the \$1,000 fee cap is met. The rebate will be paid to the Participant that entered the order into the BOX system.

Trading Floor Permit Fees

The Exchange is modifying the way it charges for Floor space utilized by Floor Brokers and Market Makers that better reflect the business needs and preferences of these market participants.

- The \$5,500 per month Floor Market Makers Permit Fee now entitles each Market Maker to one podium on the BOX Trading Floor. Additional podiums will be charged \$1,500 per month.

² 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 “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.

³ Strategy QOO Order fees will also apply to the \$1000 per day fee cap.

- The Floor Broker Permit Fee will increase to \$5,000 per month. However, Floor Brokers that execute trades on 50% of the trading days in a given month will receive a \$5,000 Trading Floor Permit Credit for that month.
 - Floor Brokers will now be charged a Desk Fee of \$350 per month for each desk they utilize on the BOX Trading Floor.

Complete Fee Schedule

The complete BOX fee schedule is available on the BOX website at <http://boxoptions.com/fee-schedule/>.

Contact

Please contact the Market Operations Center at (866) 768-8845 or by e-mail at BOXMOC@boxoptions.com should you require additional information.