



TO: BOX Options Participants
FROM: BOX Exchange LLC
SUBJECT: Changes to BOX Rule 7170 Nullification and Adjustment of Options Transactions including Obvious Errors
DATE: June 30, 2022

Effective **July 1, 2022**, BOX Exchange, in coordination with all U.S. options exchanges, will update the existing harmonized Obvious Error rules and review procedures as outlined below:

In Obvious Error situations for transactions occurring within 10 seconds or less after an Opening or Re-Opening where at least one party is a Customer:

- (i) The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the Minimum Amount set forth in the table below and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction.
- (ii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction, then the Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the Minimum Amount set forth in the table below and there was a bid/ask differential less than the Minimum Amount anytime during the 10 seconds after an opening or re-opening.
- (iii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds following an Opening or Re-Opening, then the Theoretical Price of an option series is the last NBB or NBO just prior to the Customer transaction in question.

Bid Price at Time of Trade	Minimum Amount
Below \$2.00	\$0.75
\$2.00 to \$5.00	\$1.25
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.50
Above \$20.00 to \$50.00	\$3.00
Above \$50.00 to \$100.00	\$4.50
Above \$100.00	\$6.00

There are no changes to the calculation for Theoretical Price for Customer transactions occurring more than 10 seconds after an opening or re-opening.

In Obvious Error situation when at least one party is a Customer, the execution price of the transaction will be adjusted according to the table below rather than nullified. However, if such adjustment(s) would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the customer's Limit price, the trade would be nullified.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

Any Customer Obvious Error exceeding 50 contracts will be subject to the existing Size Adjustment Modifier.

Number of Contracts per Execution	Adjustment – TP Plus/Minus
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

Please see [SR-BOX-2022-05](#) for more information.

Contact

If you have any questions regarding this information, please contact BOX Exchange's Market Regulation Center at BOXMRC@boxexchange.com.