

payment or satisfaction upon redemption of any redeemable security in accordance with its terms for more than seven days after the tender of such security to the company or its designated agent except for any period during which the New York Stock Exchange (“NYSE”) is closed other than customary week-end and holiday closings, or during which trading on the NYSE is restricted.

2. Section 22(e)(3) of the Act provides that redemptions may be suspended by a registered investment company for such other periods as the Commission may by order permit for the protection of security holders of the registered investment company.

3. Applicants submit that granting the requested relief would be for the protection of the shareholders of the Fund, as provided in Section 22(e)(3) of the Act. Applicants assert that, in requesting an order by the Commission, the Applicants’ goal is to ensure that all of the Fund’s shareholders will be treated appropriately and fairly in view of the otherwise detrimental effect on the Fund of the illiquidity of the Fund’s investments and the ongoing uncertainty surrounding the Russian equity markets. The requested relief is intended to permit an orderly liquidation of the Fund’s portfolio and ensure that all of the Fund’s shareholders are protected in the process.

#### Applicants’ Conditions

Applicants agree that any order of the Commission granting the requested relief will be subject to the following conditions:

1. The Board, including a majority of the Independent Directors,<sup>3</sup> will adopt or has adopted the Plan of Liquidation for the orderly liquidation of Fund assets and distribution of appropriate payments to Fund shareholders.

2. Pending liquidating distributions, the Fund will invest proceeds of cash dispositions of portfolio securities solely in U.S. government securities, money market funds that are registered under the Act and comply with the requirements of Rule 2a–7 under that Act, cash equivalents, securities eligible for purchase by a registered money market fund meeting the requirements of Rule 2a–7 under the Act with legal maturities not in excess of 90 days and, if determined to be necessary to protect the value of a portfolio position in a rights offering or other dilutive

transaction, additional securities of the affected issuer.

3. The Fund’s assets will be distributed to the Fund’s shareholders solely in accordance with the Plan of Liquidation.

4. The Fund and the Adviser will make and keep true, accurate and current all appropriate records, including but not limited to those surrounding the events leading to the requested relief, the Plan of Liquidation, the sale of Fund portfolio securities, the distribution of Fund assets, and communications with shareholders (including any complaints from shareholders and responses thereto).

5. The Fund and the Adviser will promptly make available to Commission staff all files, books, records and personnel, as requested, relating to the Fund.

6. The Fund and the Adviser will provide periodic reporting to Commission staff regarding their activities carried out pursuant to the Plan of Liquidation.

7. The Adviser, its affiliates, and its and their associated persons will not receive any fee for managing the Fund.

8. The Fund will be in liquidation and will not be engaged and does not propose to engage in any business activities other than those necessary for the protection of its assets, the protection of shareholders and the winding-up of its affairs, as contemplated by the Plan of Liquidation.

9. The Fund and the Adviser will appropriately convey accurate and timely information to shareholders of the Fund, before or promptly following the effective date of the liquidation, with regard to the status of the Fund and its liquidation (including posting such information on the Fund’s website), and will thereafter from time to time do so to reflect material developments relating to the Fund or its status, including, without limitation, information concerning the dates and amounts of distributions, and press releases and periodic reports, and will maintain a toll-free number to respond to shareholder inquiries.

10. The Fund and the Adviser shall consult with Commission staff prior to making any material amendments to the Plan of Liquidation.

#### Commission Finding

Based on the representations and conditions in the application, the Commission permits the temporary suspension of the right of redemption for the protection of the Fund’s shareholders. Under the circumstances described in the application, which

require immediate action to protect the Fund’s shareholders, the Commission concludes that it is not practicable to give notice or an opportunity to request a hearing before issuing the order.

Accordingly, in the matter of iShares MSCI Russia ETF, a series of iShares Inc., and BlackRock Fund Advisors (File No. 812–15377),

*It is ordered*, pursuant to Section 22(e)(3) of the Act, that the requested relief from Section 22(e) of the Act is granted with respect to the Fund until it has liquidated, or until the Commission rescinds the order granted herein. This order shall be in effect as of August 3, 2022, with suspension of redemption rights as requested by the Applicants to be effective as of August 3, 2022 and the postponement of payment of redemption proceeds to apply to redemption orders received on or after August 1, 2022 but not yet paid as of August 3, 2022.

By the Commission.

Dated: August 3, 2022.

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

[FR Doc. 2022–17001 Filed 8–8–22; 8:45 am]

BILLING CODE 8011–01–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95412; File No. SR–NYSEARCA–2022–47]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the NYSE Arca Options Fee Schedule

August 3, 2022.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that, on August 1, 2022, NYSE Arca, Inc. (“NYSE Arca” or 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 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 modify the NYSE Arca Options Fee Schedule (“Fee

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b–4.

<sup>3</sup> “Independent Directors” means directors who are not “interested persons” of the Company, as such term is defined in Section 2(a)(19) of the Act.

Schedule”) to waive fees for manual executions by Professional Customers. The Exchange proposes to implement the fee change effective August 1, 2022. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://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, set forth in sections A, B, and C below, of the most significant parts of such statements.

### A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The purpose of this filing is to modify the Fee Schedule to provide for the waiver of fees for manually executed Professional Customer orders (“Professional Customer Manual Fees”). Specifically, the Exchange proposes to waive Professional Customer Manual Fees for the period of August 1, 2022 through December 31, 2022.

The Exchange also proposes to add clarifying language to the Fee Schedule’s description of the Floor Broker Fixed Cost Prepayment Incentive Program (the “FB Prepay Program”), to provide that manually executed Professional Customer orders will continue to be included in the calculation of “billable volume” for purposes of the FB Prepay Program while Professional Customer Manual Fees are waived.

The Exchange proposes to implement the rule change on August 1, 2022.

#### Background

In connection with the Exchange’s migration to the new Pillar trading platform (the “Pillar Migration”), the Exchange has introduced a new Electronic Order Capture System (“EOC”) device for order systemization and execution reporting for manual orders on the Trading Floor. The Exchange believes the improved workflow offered by the EOC device will enhance Floor Brokers’ processing

of manual orders, especially those submitted by Professional Customers, and allow Floor Brokers to provide improved service to Professional Customers. To attract more manually executed Professional Customer orders with enhanced order handling by Floor Brokers via the EOC device, the Exchange proposes to waive Professional Customer Manual Fees for the balance of the year (*i.e.*, until December 31, 2022).

The Exchange believes the proposed waiver would encourage additional Professional Customer volume executed by Floor Brokers on the Exchange, with the enhanced workflow offered by the EOC device as market participants continue to adapt to trading post-Pillar Migration, and that all market participants stand to benefit from such increase, which would promote market depth, facilitate tighter spreads and enhance price discovery, and may lead to a corresponding increase in order flow from other market participants as well.

The Exchange believes that the proposed change relating to the FB Prepay Program would obviate any confusion about the impact of the proposed waiver of Professional Customer Manual Fees on participating Floor Brokers’ ability to qualify for incentives offered through the FB Prepay Program. The Exchange believes that the proposed change would make clear that volume from manually executed Professional Customer orders would continue to count towards billable volume relevant to the FB Prepay Program when Professional Customer Manual Fees are waived.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>5</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

#### The Proposed Rule Change Is Reasonable

The Exchange operates in a highly competitive 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.”<sup>6</sup>

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.<sup>7</sup> Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in June 2022, the Exchange had less than 13% market share of executed volume of multiply-listed equity & ETF options trades.<sup>8</sup>

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue or reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain options exchange transaction fees. Stated otherwise, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow.

The Exchange believes that the proposed waiver of Professional Customer Manual Fees is reasonable because it is designed to incent Professional Customers to submit orders to Floor Brokers and increase familiarity with the improved workflow offered via the new EOC device on the Pillar platform, thereby encouraging increased manually executed Professional Customer orders on the Exchange. The Exchange notes that all market participants stand to benefit from any increase in Professional Customer volume executed by Floor Brokers, which promotes market depth, facilitates tighter spreads and enhances

<sup>6</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7–10–04) (“Reg NMS Adopting Release”).

<sup>7</sup> The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

<sup>8</sup> Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, *see id.*, the Exchange’s market share in equity-based options increased from 9.07% for the month of June 2021 to 12.23% for the month of June 2022.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

price discovery, and may lead to a corresponding increase in order flow from other market participants.

To the extent the proposed waiver attracts greater volume and liquidity, the Exchange believes the proposed change would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors. The proposed rule change is designed to incent Professional Customers to direct liquidity to the Exchange, thereby promoting market depth, price discovery and improvement and enhancing order execution opportunities for market participants.

The Exchange believes the proposed change relating to the FB Prepay Program is reasonable because it would provide clarity in the Fee Schedule relating to volume that is counted towards the billable volume relevant to the FB Prepay Program when Professional Customer Manual Fees are waived, as proposed.

#### The Proposed Rule Change Is an Equitable Allocation of Credits and Fees

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits. The proposal is based on the type of business transacted on the Exchange, and Professional Customers can opt to submit orders for trading electronically or for manual execution on the Trading Floor. The proposed waiver of Professional Customer Manual Fees is intended to encourage Professional Customers to submit orders to be manually executed by Floor Brokers and, in addition, in connection with the Pillar Migration, the Exchange believes that the improved order handling that Floor Brokers can provide through the use of the EOC device will demonstrate to Professional Customers the value of submitting orders for manual execution on the Trading Floor.

The proposed waiver is also designed to incent Professional Customers to direct orders to the Exchange as a primary execution venue. To the extent that the proposed change attracts more manual Professional Customer volume to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for, among other things, order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market

participants on the Exchange and, as a consequence, attract more order flow to the Exchange thereby improving market-wide quality and price discovery.

With respect to the proposed change relating to the FB Prepay Program, the Exchange believes that the proposed clarification would support an equitable allocation of fees and credits because it would make clear that volume from Professional Customer manual executions would still count towards a Floor Broker's qualification for the incentives offered through the FB Prepay Program when Professional Customer Manual Fees are waived, as proposed, thereby promoting the continued equitable allocation of fees and credits set forth in the Fee Schedule.

#### The Proposed Rule Change Is Not Unfairly Discriminatory

The Exchange believes that the proposed waiver is not unfairly discriminatory because the waiver would apply to manually executed Professional Customer orders on an equal and non-discriminatory basis. The proposed waiver is not unfairly discriminatory to other market participants because Professional Customers are an important source of order flow to the Exchange for execution via open outcry, which promotes price discovery, and the Exchange thus believes that it is appropriate to incentivize manually executed Professional Customer orders and encourage Professional Customers to experience the improved order handling offered via the new EOC device in connection with the Pillar Migration.

The proposed change is also designed to encourage Professional Customers to utilize the Exchange as a primary trading venue (if they have not done so previously) and to increase manually executed Professional Customer orders sent to the Exchange. To the extent that the proposed change attracts more order flow to the Exchange (and, in particular, to the Floor), this increased order flow would continue to make the Exchange a more competitive venue for order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more order flow to the Exchange, thereby improving market-wide quality and price discovery. 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, to protect investors and the public interest.

The Exchange also believes that the proposed change to clarify that volume from manually executed Professional Customer orders would continue to count towards billable volume for purposes of the FB Prepay Program is not unfairly discriminatory. The proposed change, which specifies that such volume will continue to be accounted for in determining participating Floor Brokers' eligibility for incentives available pursuant to the FB Prepay Program, would instead permit the program to continue to be administered in a non-discriminatory manner.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act, the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed changes further the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."<sup>9</sup>

*Intramarket Competition.* The proposed waiver is designed to attract additional manually executed Professional Customer orders to the Exchange (and, in particular, to the Floor, with the enhanced workflow offered by the EOC tool introduced in the Pillar Migration), which may increase the volume of contracts traded on the Exchange. To the extent that the proposed change imposes an additional competitive burden on other market participants, the Exchange believes that any such burden would be appropriate because, to the extent the proposed change encourages Professional

<sup>9</sup> See Reg NMS Adopting Release, *supra* note 6, at 37499.

Customers to submit additional orders to the Exchange to be executed via open outcry, such increase in manually executed Professional Customer orders would benefit all market participants by promoting opportunities for price discovery.

To the extent that this purpose is achieved, all of the Exchange's market participants should benefit from the improved market liquidity. Enhanced market quality and increased transaction volume that results from the anticipated increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange.

The Exchange does not believe that the proposed change relating to the FB Prepay Program would impact intramarket competition, as it merely clarifies that the proposed waiver of Professional Customer Manual Fees would not affect the current operation of the FB Prepay Program.

*Intermarket Competition.* The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange currently has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.<sup>10</sup> Therefore, no exchange currently possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in June 2022, the Exchange had less than 13% market share of executed volume of multiply-listed equity & ETF options trades.<sup>11</sup>

The Exchange believes that the proposed change reflects this competitive environment because the proposed waiver of Professional Customer Manual Fees is intended to encourage Professional Customers to direct manual orders to the Exchange and experience the benefits of the enhanced technology provided by the Pillar Migration, which in turn would provide liquidity and attract order flow to the Exchange. To the extent that this purpose is achieved, all the Exchange's

market participants should benefit from the improved market quality and increased trading opportunities.

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. The Exchange also believes that the proposed change could promote competition between the Exchange and other execution venues, by encouraging additional orders to be sent to the Exchange for execution, including to the Floor in particular, and encouraging the use of technology introduced in connection with the Pillar Migration.

The Exchange does not believe that the proposed change relating to the FB Prepay Program would have any effect on intermarket competition, as it merely clarifies that the proposed waiver of Professional Customer Manual Fees would not impact the current operation of the FB Prepay Program.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

No written comments were solicited or received with respect to the proposed rule change.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>12</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>13</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>14</sup> of the Act to determine whether the proposed rule

change 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2022-47 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-NYSEARCA-2022-47. 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 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-NYSEARCA-2022-47, and should be submitted on or before August 30, 2022.

<sup>10</sup> See *supra* note 8.

<sup>11</sup> Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, *supra* note 7, the Exchange's market share in equity-based options increased from 9.07% for the month of June 2021 to 12.23% for the month of June 2022.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(2).

<sup>14</sup> 15 U.S.C. 78s(b)(2)(B).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**J. Matthew DeLesDernier,**  
*Deputy Secretary.*

[FR Doc. 2022-17009 Filed 8-8-22; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95416; File No. SR-PEARL-2022-23]

### Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Withdrawal of Proposed Rule Change To Amend the MIAX PEARL Options Fee Schedule To Remove Certain Credits and Increase Trading Permit Fees

**AUGUST 3, 2022.** On May 17, 2022, MIAX PEARL, LLC (“MIAX Pearl”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to remove certain credits and increase trading permit fees. The proposed rule change was published for comment in the **Federal Register** on June 2, 2022.<sup>3</sup>

On July 12, 2022, MIAX Pearl withdrew the proposed rule change (SR-PEARL-2022-23).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>4</sup>

**J. Matthew DeLesDernier,**  
*Deputy Secretary.*

[FR Doc. 2022-17007 Filed 8-8-22; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95414; File No. SR-BOX-2022-23]

### Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend IM-2040-5 To Add the Firm Element Component to the Continuing Education Requirement, and Make Other Conforming and Clerical Updates to IM-2040-4 and Delete IM 2020-1

**AUGUST 3, 2022.** Pursuant to Section 19(b)(1) of the Securities Exchange Act

of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 26, 2022, BOX Exchange LLC (“BOX” 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 Exchange. The Exchange is publishing this notice to solicit comments on the proposed rule from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to amend BOX IM-2040-5 to add the Firm Element component to the Continuing Education requirement. The Exchange also proposes to make other conforming and clerical updates to IM-2040-4 and to delete IM-2020-1 (Temporary Extension for Representatives to Function as Principals). 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 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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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

As set forth below, the Exchange proposes to amend IM-2040-5 to add the Firm Element to require broker-dealers to establish a formal training program to keep registered persons up to date on job- and product-related subjects. The Exchange also proposes to make other conforming and clerical updates to IM-2040-4 and to delete IM-2020-1 (Temporary Extension for Representatives to Function as Principals).

IM-2040-5

The Exchange recently filed SR-BOX-2022-16 in which the Exchange amended IM-2040-5 and established BOX Rule 2130 (Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category) and IM-2130-1 to require that the Regulatory Element of Continuing Education be completed annually rather than every three years and provide a path through Continuing Education for individuals to maintain their qualification following the termination of a registration.<sup>3</sup> This was a conforming filing that was based on a filing submitted by the Financial Industry Regulatory Authority, Inc. (“FINRA”), and was intended to harmonize the Exchange’s Continuing Education rules with those of FINRA so as to promote uniform standards across the securities industry.<sup>4</sup> The Exchange now proposes to make additional conforming changes to IM-2040-5 to further align with the FINRA Continuing Education Rule Change by adding the Firm Element component to IM-2040-5.

The Continuing Education requirements for BOX Participants are detailed in IM-2040-5. No Participant shall permit any Representative or Principal to continue to, and no Representative or Principal shall continue to, perform his or her respective duties on behalf of such Participant unless such person has complied with the requirements of this IM-2040-5. This filing adds the Firm Element as a part of the Exchange’s Continuing Education program to require broker-dealers to establish a formal training program to keep registered persons up to date on job- and product-related subjects.

To adopt the Firm Element program the Exchange proposes to add paragraph (b)(2) under IM-2040-5 to require each Participant to implement and administer a required annual Firm Element training program for registered persons.<sup>5</sup> Proposed paragraph (b)(2) is

<sup>3</sup> See Securities Exchange Act Release No. 34-94794 (April 26, 2022), 87 FR 25683 (May 2, 2022) (SR-BOX-2022-16).

<sup>4</sup> See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (SR-FINRA-2021-015) (“FINRA Continuing Education Rule Change”). The proposed changes are based on the changes to the Firm Element Program approved by the Commission in the approval order for SR-FINRA-2021-015. The Exchange is proposing to adopt such Firm Element changes substantially in the same form as proposed by FINRA, with the exception of differences necessary to update the Exchange’s Continuing Education rules.

<sup>5</sup> See proposed IM-2040-5(b)(2)(a) Standards for the Firm Element. Each Participant must maintain

Continued

<sup>15</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 94993 (May 26, 2022), 87 FR 33518.

<sup>4</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.