

Rule 10D-1.⁵⁶ Nasdaq’s proposal has also been approved by the Commission as consistent the Act.⁵⁷ Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,⁵⁸ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁵⁹ that the proposed rule change (SR-NYSE-2023-12), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁰

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97674; File No. SR-BOX-2023-13]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule for Trading on the BOX Options Market LLC Facility To Amend Certain Rebates for Qualified Contingent Cross Transactions

June 8, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 31, 2023, BOX Exchange LLC (“Exchange”) filed with the Securities and Exchange Commission (“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 [sic] for trading on BOX to amend certain rebates for Qualified Contingent Cross (“QCC”) transactions on the BOX Options Market LLC (“BOX”) options facility. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on June 1, 2023. 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 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 for trading on BOX to amend certain rebates for Qualified Contingent Cross (“QCC”) transactions. A QCC Order is defined as an

originating order (Agency Order) to buy or sell at least 1,000 standard option contracts, or 10,000 mini-option contracts, that is identified as being part of a qualified contingent trade, coupled with a contra side order to buy or sell an equal number of contracts.⁵

Currently, BOX assesses \$0.20 per contract to Broker Dealers and Market Makers for both the Agency Order and contra order of a QCC transaction. Public Customers and Professional Customers are not assessed a QCC Transaction Fee. Further, rebates are paid on all qualifying orders pursuant to Section IV.D.1 of the BOX Fee Schedule. Specifically, a QCC Rebate is paid to the Participant that entered the order into the BOX system when at least one party to the QCC transaction is a Broker Dealer or Market Maker. The Participant receives a per contract rebate on QCC transactions according to the tier achieved. Volume thresholds are calculated on a monthly basis by totaling the Participant’s QCC Agency Order volume on BOX. The Exchange notes that the QCC Rebate is intended to incentivize the sending of more QCC Orders to BOX.

The Exchange now proposes to amend the QCC Rebate structure in Section IV.D.1 of the BOX Fee Schedule. Specifically, the Exchange proposes to amend the volume thresholds in Tiers 1, 2, and 3 and proposes to eliminate Tier 4 entirely. For Tier 1, the Exchange proposes to amend the volume threshold to 0 to 999,999 contracts. For Tier 2, the Exchange proposes to amend the volume threshold to 1,000,000 to 1,999,999 contracts. For Tier 3, the Exchange proposes to amend the volume threshold to 2,000,000+ contracts. Additionally, the Exchange proposes to amend the rebates in Tiers 2 and 3. Specifically, in Tier 2, the Exchange proposes to increase Rebate 2 to \$0.25 from \$0.24. In Tier 3, the Exchange proposes to increase Rebate 1 to \$0.17 from \$0.16 and increase Rebate 2 to \$0.27 from \$0.25.

The QCC Rebate tier structure will be as follows:

Tier	QCC Agency order volume on BOX (per month)	Rebate 1 (per contract)	Rebate 2 (per contract)
1	0 to 999,999 contracts	(\$0.14)	(\$0.22)
2	1,000,000 to 1,999,999 contracts	(0.16)	(0.25)
3	2,000,000+ contracts	(0.17)	(0.27)

⁵⁶ See Securities Exchange Act Release No. 97060 (March 7, 2023), 88 FR 15500 (March 13, 2023) (SR-Nasdaq-2023-005).

⁵⁷ See Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change to Establish Listing Standards Related

to Recovery of Erroneously Awarded Executive Compensation (June 9, 2023) (SR-Nasdaq-2023-005).

⁵⁸ 15 U.S.C. 78s(b)(2).

⁵⁹ 15 U.S.C. 78s(b)(2).

⁶⁰ 17 CFR 200.30-3(a)(12).

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).

⁵ See BOX Rule 7110(c)(6).

The Exchange also proposes to amend the QCC Growth Rebate to account for the changes discussed above.

Specifically, the Exchange proposes that if a Participant's QCC Agency Order volume on BOX achieves Tier 2 (formerly Tier 3) of the QCC Rebate in the month AND the Participant's total QCC volume combined with total QOO volume exceeds 6 million (formerly 11 million) contracts per month, then the Participant will qualify for the rebates in Tier 3 (formerly Tier 4) of the QCC Rebate. The Exchange believes that the proposed changes discussed above will encourage Participants to send increased QCC and QOO order flow to BOX in order to achieve a high rebate, which will result in increased liquidity on BOX to the benefit of all market participants.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes the proposed changes to the QCC Rebate structure are reasonable because the proposed changes provide opportunities for Participants to receive higher rebates for their QCC Order volume on BOX. Further, the Exchange believes the proposed changes to the QCC rebate structure are equitable and not unfairly discriminatory as the proposed rebates will apply uniformly to the Participants that reach the applicable tiers.

The Exchange continues to believe that the proposed rebate structure and rebate amounts are reasonable as it provides an incremental incentive for Participants to strive for the higher tier levels, which provide increasingly higher rebates for incrementally more QCC volume achieved, which the Exchange believes is a reasonably designed incentive for Participants to grow their QCC order flow to receive the enhanced rebates. The Exchange also believes that continuing to have two alternative rebates (depending on the capacity of the parties to the transaction) is reasonable and appropriate as this is how the Exchange assesses the rebates for QCC transactions today.⁷

The Exchange believes the proposed changes to the QCC Growth Rebate is reasonable because this rebate provides incentives for BOX Participants to engage in substantial amounts of trading activity which would serve to bring additional open outcry liquidity to the Trading Floor and additional QCC order flow to BOX. This incentive may also encourage Participants to begin sending such order flow to BOX for the opportunity to earn this rebate because the threshold to qualify is being lowered.

The Exchange believes that the proposed QCC Growth Rebate Qualifications are reasonable because they offer Participants an opportunity to achieve a higher QCC rebate. Additionally, the Exchange believes the proposed changes to the QCC Growth Rebate are equitable and not unfairly discriminatory because any Participant may qualify for this rebate.⁸ All BOX Participants may enter order flow to obtain a QCC Growth Rebate.

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 proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact its business. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges. Because competitors are free to modify their own fees and rebates in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

one side of the QCC transaction is a Broker Dealer or Market Maker then only one side of the QCC transaction is assessed a fee, therefore the total fees assessed are lower and the corresponding rebate is also lower.

⁸The Exchange notes that all BOX Participants may transact an options business electronically or on the BOX Trading Floor with a registered Trading Permit. BOX Participants may transact business on the Trading Floor through a Floor Broker.

The proposed changes do not impose an undue burden on intra-market competition. In terms of intra-market competition, the Exchange does not believe that its proposals will place any category of market participant at a competitive disadvantage. The Exchange believes that the proposed changes will encourage market participants to send their QCC orders to BOX for execution in order to obtain greater rebates and lower their costs.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act⁹ and Rule 19b-4(f)(2) thereunder,¹⁰ because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BOX-2023-13 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-BOX-2023-13. This file

⁶ 15 U.S.C. 78f(b)(4) and (5).

⁷ The Exchange notes that Rebate 1 assesses lower rebates than rebates in Rebate 2 because when only

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

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 (<https://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. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-BOX-2023-13 and should be submitted on or before June 5, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97667; File No. SR-BX-2023-015]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Transaction Fees at Equity 7, Section 118

June 8, 2023.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 1, 2023, Nasdaq BX, Inc. ("BX" or

"Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. 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 amend the Exchange's transaction fees at Equity 7, section 118(e), as described further below.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/bx/rules>, 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 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 operates on the "taker-maker" model, whereby it generally pays credits to members that take liquidity and charges fees to members that provide liquidity. Currently, the Exchange has a schedule, at Equity 7, section 118(e), which consists of several different credits and fees for Retail Orders³ and Retail Price Improvement

Orders⁴ under Rule 4780 (Retail Price Improvement Program).

Currently, the Exchange charges a fee of \$0.0018 per share executed for RPI Orders entered by a member that (i) quotes Retail Price Improvement Orders in at least 1,200 symbols on average per day and (ii) provides liquidity through Retail Price Improvement Orders equal to or exceeding an average daily volume of 2,500,000 shares. The Exchange currently charges a fee of \$0.0025 per share executed for all other RPI Orders that provide liquidity. The Exchange proposes to adopt a new fee of \$0.0020 per share executed for RPI Orders entered by a member that (i) quotes Retail Price Improvement Orders in at least 1,200 symbols on average per day; (ii) provides liquidity through Retail Price Improvement Orders equal to or exceeding an average daily volume of 1,000,000 shares; and (iii) increases its average daily volume of liquidity provided in Retail Price Improvement Orders at least 10% relative to the month of March 2023. The Exchange hopes that the proposed fee will encourage members to increase liquidity providing activity in RPI Orders on the Exchange relative to March 2023. If the proposal is effective in achieving this purpose, then the quality of the Exchange's market will improve, particularly with respect to RPI and Retail Orders to the benefit of all participants, especially those who submit RPI and Retail Orders.

At this time, the Exchange proposes to sunset the proposed fee of \$0.0020 per share executed. The fee will be available through September 30, 2023.⁵ Despite only offering this incentive for four months (*i.e.*, June 2023 through September 2023), the Exchange believes that it may continue to encourage members to earn lower fees by increasing liquidity providing activity in RPI Orders on the Exchange. The Exchange will use this time period to evaluate the appropriate parameters going forward to encourage increasing liquidity providing activity in RPI Orders on the Exchange.

³ Retail Orders shall mean an order type with a Non-Display Order Attribute submitted to the Exchange by a Retail Member Organization (as defined in Rule 4780). A Retail Order must be an agency Order, or riskless principal Order that satisfies the criteria of FINRA Rule 5320.03. The Retail Order must reflect trading interest of a natural person with no change made to the terms of the underlying order of the natural person with respect to price (except in the case of a market order that is changed to a marketable limit order) or side of market and that does not originate from a trading algorithm or any other computerized methodology. See Rule 4702(b)(6).

⁴ Retail Price Improving ("RPI") Orders shall mean an Order Type with a Non-Display Order Attribute that is held on the Exchange Book in order to provide liquidity at a price at least \$0.001 better than the NBBO through a special execution process described in Rule 4780. A Retail Price Improving Order may be entered in price increments of \$0.001. RPI Orders collectively may be referred to as "RPI Interest." See Rule 4702(b)(5).

⁵ The proposed \$0.0020 per share executed fee will be available through September 30, 2023 but would not be available thereafter. For example, as of October 1, 2023, the Exchange would no longer offer the incentive.

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.