

records that are required to be created: trade blotters, general ledger, ledgers for customers and non-customer accounts, stock record, memoranda of brokerage orders, memoranda of proprietary orders, confirmations, accountholder information, options positions, trial balances and computation of net capital, associated person's employment application, account equity and margin calculations under Rule 18a-3, possession or control requirements for security-based swap customers, customer reserve requirements for security-based swap customers, unverified transactions, political contributions, and compliance with business conduct requirements. The purpose of requiring stand-alone SBSBs, stand-alone MSBSPs, bank SBSBs, and bank MSBSPs to create the records specified in Rule 18a-5 is to enhance regulators' ability to protect investors. These records and the information contained therein are used by examiners and other representatives of the Commission to determine whether stand-alone SBSBs, stand-alone MSBSPs, bank SBSBs, and bank MSBSPs are in compliance with the Commission's anti-fraud and anti-manipulation rules, financial responsibility program, and other laws, rules, and regulations.

Not all types of records enumerated in Rule 18a-5 are required to be made by each of the entities to which Rule 18a-5 applies. For example, Rule 18a-5 requires thirteen types of records to be made and kept current by stand-alone SBSBs and stand-alone MSBSPs.<sup>1</sup> Rule 18a-5 also requires three types of records to be made and kept current by stand-alone SBSBs.<sup>2</sup> Rule 18a-5 requires 10 types of records to be made and kept current by bank SBSBs and bank MSBSPs, all of which are limited to the firm's business as an SBSB or MSBSP.<sup>3</sup> Further, Rule 18a-5 includes

<sup>1</sup> See Rule 18a-5 (paragraph (a)(1) (trade blotters); paragraph (a)(2) (general ledgers); paragraph (a)(3) (ledgers of customer and non-customer accounts); paragraph (a)(4) (stock record); paragraph (a)(5) (memoranda of proprietary orders); paragraph (a)(6) (confirmations); paragraph (a)(7) (accountholder information); paragraph (a)(8) (options positions); paragraph (a)(9) (trial balances and computation of net capital); paragraph (a)(10) (associated person's application); paragraph (a)(12) (Rule 18a-3 calculations); paragraph (a)(15) (unverified transactions); paragraph (a)(17) (compliance with business conduct standards)).

<sup>2</sup> See Rule 18a-5 (paragraph (a)(13) (compliance with Rule 18a-4 possession or control requirements); paragraph (a)(14) (Rule 18a-4 reserve account computations); and paragraph (a)(16) (political contributions)).

<sup>3</sup> See Rule 18a-5 (paragraph (b)(1) (trade blotters); paragraph (b)(2) (general ledgers); paragraph (b)(3) (stock record); paragraph (b)(4) (memoranda of brokerage orders); paragraph (b)(5) (memoranda of proprietary orders); paragraph (b)(6)

paragraphs (b)(9), (b)(10), and (b)(12) which requires bank SBSBs to make and keep current various records for security-based swaps.<sup>4</sup>

As of November 30, 2023, there are 11 stand-alone SBSBs, zero stand-alone MSBSPs, 29 bank SBSBs, and zero bank MSBSPs registered with the Commission. The Commission estimates that each recordkeeping provision of Rule 18a-5 imposes on each firm that is subject to the provision an initial burden and an ongoing annual burden. The total initial industry hour burden attributable to Rule 18a-5 is estimated to be 11,060 hours in the first year and the total industry ongoing hour burden attributable to Rule 18a-5 is estimated to be 13,825 hours per year (including the first year). Over a three-year period, the total estimated industry burden is estimated to be 52,535 hours, or about 17,511 hours per year when annualized. These burdens are recordkeeping burdens.

In addition, the Commission estimates that Rule 18a-5 causes a stand-alone SBSB or stand-alone MSBSP to incur an initial dollar cost of approximately \$1,000 to purchase recordkeeping system software and an ongoing dollar cost of \$4,650 per year to provide adequate physical space and computer hardware and software for storage. As of November 30, 2023, there are 11 respondents (11 stand-alone SBSBs and zero stand-alone MSBSPs), resulting in an estimated industry-wide initial burden of \$11,000 and an industry-wide ongoing burden of \$51,150 per year. Over a three-year period, the total estimated industry burden would be \$164,450, or about \$54,817 per year when annualized.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent by

(confirmations); paragraph (b)(7) (accountholder information); paragraph (b)(8) (associated person's application); paragraph (b)(11) (unverified transactions); and paragraph (b)(13) (compliance with business conduct requirements)).

<sup>4</sup> See Rule 18a-5 (paragraph (b)(9) (possession or control requirements under Rule 18a-4); paragraph (b)(10) (customer reserve requirements under Rule 18a-4); and paragraph (b)(12) (political contributions)).

April 22, 2024 to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: March 18, 2024.

**Sherry R. Haywood,**  
Assistant Secretary.

[FR Doc. 2024-05993 Filed 3-20-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99751; File No. SR-BOX-2024-06]

### 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 BOX Options Market Facility To Amend Certain Rebates for Qualified Contingent Cross Transactions

March 15, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 1, 2024, 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,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 on the BOX Options Market LLC ("BOX") options facility to amend certain rebates for Qualified Contingent Cross ("QCC") transactions. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room

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

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

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

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

and also on the Exchange’s internet website at <https://rules.boxexchange.com/rulefilings>.

**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.<sup>5</sup>

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 tiers 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. For Tier 1, the Exchange proposes to decrease the volume threshold to 0 to 749,999 contracts from 0 to 999,999 contracts. For Tier 2, the Exchange proposes to decrease the volume threshold to 750,000 to 1,499,999 contracts from 1,000,000 to 1,999,999 contracts. For Tier 3, the Exchange proposes to decrease the volume threshold to 1,500,000+ contracts from 2,000,000+ contracts.

The proposed 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 749,999 contracts	(\$0.14)	(\$0.22)
2	750,000 to 1,499,999 contracts	(0.16)	(0.25)
3	1,500,000+ contracts	(0.17)	(0.27)

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 of the QCC Rebate in the month AND the Participant’s total QCC volume combined with total QOO volume exceeds 5 million (formerly 6 million) contracts per month, then the Participant will qualify for the rebates in Tier 3 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 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,<sup>6</sup> 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 tiers 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 tiers 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 believes the proposed change to the QCC Growth Rebate is reasonable because this rebate provides incentives for BOX Participants to engage in increased trading activity which would serve to bring additional open outcry liquidity to the Trading Floor and additional QCC order flow to BOX. The Exchange believes the proposed decrease in total QCC volume combined with total QOO volume will encourage Participants to send such order flow to BOX for the opportunity to earn the rebate.

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 change to the QCC Growth Rebate is equitable and not unfairly discriminatory because any Participant may qualify for this rebate.<sup>7</sup>

<sup>5</sup> See BOX Rule 7110(c)(6).  
<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>7</sup> The 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.

### *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 Exchange believes the proposal does not impose an undue burden on inter-market competition because the proposed changes to the QCC Rebate and the QCC Growth Rebate will promote competition for QCC transactions. Specifically, the volume thresholds required to qualify for the rebates will be reduced, which may allow Participants access to higher rebates. The Exchange believes further 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.

The proposed changes do not impose an undue burden on intramarket competition because the Exchange does not believe that its proposal 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 Act<sup>8</sup> and

Rule 19b-4(f)(2) thereunder,<sup>9</sup> 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](mailto:rule-comments@sec.gov). Please include file number SR-BOX-2024-06 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-2024-06. 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 (<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-2024-06 and should be submitted on or before April 11, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-99747; File No. SR-ISE-2024-09]

### **Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend its Fees for Connectivity and Co-Location Services**

March 15, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 1, 2024, Nasdaq ISE, LLC ("ISE" or "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 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 amend the Exchange's fees for connectivity and co-location services, as described further below.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/ise/rules>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

<sup>10</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>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).