For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89315; File No. SR–BOX–2020–27]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Sections I.C.2 (Strategy Order Facilitation and Solicitation Transactions) and II.D (Strategy QOO Order Fee Cap and Rebate) of the Fee Schedule on the BOX Options Market LLC Facility

July 14, 2020.

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 July 1, 2020, 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 on the BOX Options Market LLC (''BOX'') facility. 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 Section I.C.2 (Strategy Order Facilitation and Solicitation Transactions) and Section II.D (Strategy QOO Order Fee Cap and Rebate) to adopt the ''long stock interest'' strategy type. As proposed, a ''long stock interest strategy'' is defined as a transaction done to achieve long stock interest involving the purchase, sale, and exercise of in-the-money options of the same class. The Exchange currently has the following strategies defined in the BOX Fee Schedule: Short stock interest, merger, reversal, conversion, jelly roll, box spread and dividend strategies.[5]

The Exchange notes that the proposed long stock interest strategies are currently traded on the BOX Trading Floor; however because these strategies are not defined within the Fee Schedule, these transactions are assessed the applicable manual transaction fees and are not eligible for the Strategy QOO Order Fee Cap and Rebate. The Exchange believes that the proposed long stock interest strategy type belongs in the group of strategies offered fee caps and rebates on the Exchange, as it is similar in nature to the short stock interest strategy. In particular, a short stock interest strategy is 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 where a long stock interest strategy is a transaction done to achieve *long stock* interest involving the purchase, sale, and exercise of in-the-money options of the same class.[6]

The Exchange now proposes to amend Section I.C.2 and Section II.D of the BOX Fee Schedule to include the long stock interest strategy type in the respective fee and rebate structures applicable to other strategy types offered on the Exchange. Specifically, the Exchange proposes to amend Section I.C.2 to state that fees for long stock interest Strategy Orders executed through the electronic Facilitation and Solicitation auction mechanisms will be subject to the table below:

[19] 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] 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. A ''dividend strategy'' is defined as a transaction done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend.

[6] In essence, the long stock interest strategy is taking the inverse position of the short stock interest strategy by utilizing call options. Under certain circumstances, stocks can become difficult to borrow because of limited supply. Under these market conditions, the cost of borrowing shares in order to short the stock can be prohibitively expensive. Customers may implement a long stock interest strategy in order to take a long stock position and offset the high short borrow costs associated with hard to borrow stocks.

Account type	Agency order		Facilitation order or solicitation order		Responses in the solicitation or facilitation auction mechanisms	
	Penny interval classes	Non-penny interval classes	Penny interval classes	Non-penny interval classes	Penny interval classes	Non-penny interval 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

Further, the Exchange proposes that fees for long stock interest strategy orders executed through the electronic Facilitation and Solicitation mechanisms be capped at $1,000 per day per customer along with other applicable strategy orders. The Exchange also proposes that on each trading day, Participants are eligible to receive a $500 rebate per customer for executing long stock interest Strategy Orders through the electronic Facilitation or Solicitation mechanisms. The rebate will be applied once the $1,000 fee cap per customer is met. The rebate will be paid to the Participant that entered the order into the BOX system.[7]

Under Section II.D, as proposed, the manual transaction fees for long stock interest strategies executed on the same trading day will be capped at $1,000 per day per customer along with other applicable strategy orders. Currently, on each trading day, Floor Brokers are eligible to receive a $500 rebate per customer for presenting certain Strategy QOO Orders on the BOX Trading Floor. The rebate will be applied once the $1,000 fee cap per customer for all dividend, short stock interest, merger, reversal, conversion, jelly roll, and box spread strategies is met. The Exchange proposes to now include long stock interest strategies to the above-mentioned rebate.

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,[8] 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 notes that it operates in a highly competitive market in which the Exchange must continually reassess its fees in order to maintain its competitiveness within the options exchange industry. The proposed changes reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange.

The Exchange believes that the proposed addition of long stock interest strategies to Sections I.C.2 and II.D to the BOX Fee Schedule is reasonable, equitable and not unfairly discriminatory. As discussed herein, long stock interest strategies are currently traded on the BOX Trading Floor, however they are not defined in the BOX Fee Schedule and are thus charged the applicable manual transaction fees in Section II.A. and are not eligible for the applicable fee caps and rebates. The Exchange believes that the proposed addition of long stock interest strategies to Sections I.C.2 and II.D of the BOX Fee Schedule is reasonable and appropriate as the long stock interest strategy is similar in nature to the short stock interest strategy. Both strategy types are executed to achieve short stock interest (short stock interest strategy) or long stock interest (long stock interest strategy) involving the purchase, sale, and exercise of in-the-money options of the same class. As such, the Exchange further believes it is reasonable and appropriate to include the long stock interest strategy type with the other strategies that may benefit from the fee caps and rebates available in Sections I.C.2 and II.D of the BOX Fee Schedule.

Further, the Exchange believes that including long stock interest strategies in Sections I.C.2 and Section II.D of the BOX Fee Schedule will incentivize Participants to submit increased order flow to the Exchange thus creating increased trading opportunities ultimately benefitting all market participants. The Exchange also believes that the proposed change is equitable and not unfairly discriminatory as all Participants, regardless of account type, may submit these types of strategies to the Exchange and may avail themselves of the proposed fee caps and rebates.

Lastly, the Exchange represents that the purpose of the proposed rule change is to attract additional order flow to the Exchange. The Exchange believes that implementing the rebate and fee cap for long stock interest strategies—similar to the rebates and fee caps currently in place for short stock interest, merger, reversal, conversion, jelly roll, and box spread strategies—should increase order flow to the Exchange resulting in increased trading opportunities ultimately benefitting all market participants.

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 because the proposed change applies uniformly to all Participants that incur transaction fees for long stock interest strategies. Further, the Exchange notes that long stock interest strategies are currently traded on the BOX Trading Floor but are not eligible to receive the fee caps and rebates discussed herein. As such, the Exchange believes that including long stock interest strategies in Sections I.C.2 and II.D. of the BOX Fee Schedule will incentivize Participants to submit these strategy types to the Strategy Order Facilitation and Solicitation mechanisms or the BOX Trading Floor, which in turn, will bring increased liquidity and order flow to the Exchange for the benefit of all market participants.

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.

[7] The Exchange notes that short stock interest, merger, reversal, conversion, jelly roll, and box spread strategies are all subject to the same fees, fee cap and rebate.

[8] 15 U.S.C. 78f(b)(4) and (5).

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 [9] 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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–BOX–2020–27 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–2020–27. 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 such 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–BOX–2020–27, and should be submitted on or before August 10, 2020.

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

J. Matthew DeLesDernier,

Assistant Secretary.

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[9] 15 U.S.C. 78s(b)(3)(A)(ii).

[10] 17 CFR 240.19b–4(f)(2).

[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89308; File No. SR–CBOE–2020–034]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating To Authorize for Trading Flexible Exchange Options ("FLEX options") on Full-Value Indexes With a Contract Multiplier of One

July 14, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 30, 2020, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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 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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to authorize for trading flexible exchange options ("FLEX options") on full-value indexes with a contract multiplier of one. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, 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 proposed rule change authorizes for trading on the Exchange FLEX Options on full-value indexes with a contract multiplier of one. Currently, Rule 4.21(b)(1) states the index multiplier for FLEX Index Options is 100. The proposed rule change deletes the parenthetical with that provision from current Rule 4.21(b)(1), and instead proposes to describe the index multiplier for FLEX Index Options in proposed Rule 4.20(b). Options with the same underlying but different units of trading or index multipliers, as applicable, are different classes.[3] An index multiplier is a term of a class (and thus applicable to all series in the

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] For example, the Exchange may list for trading on five securities mini-options, which are options with a unit of trading of ten shares, which is ten times lower than the standard-sized option of 100 shares. *See* Rule 4.5, Interpretation and Policy .18. While a mini-option has the same underlying as a standard-sized option, they are separate products. *See* Securities Exchange Act Release No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (SR–CBOE–2013–001).