

to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may take effect immediately. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the rules discussed above to remain in effect during the temporary period during which the Trading Floor has not yet been reopened in full to DMMs because of health precautions related to the Covid-19 pandemic. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.¹⁸

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)¹⁹ 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. Please include File Number SR-NYSE-2020-106 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-NYSE-2020-106. 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-NYSE-2020-106 and should be submitted on or before January 21, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Eduardo A. Aleman,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90792; File No. SR-BOX-2020-38]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Proposed Rule Change To Amend BOX Rule 7620 (Accommodation Transactions)

December 23, 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 December 10, 2020, BOX Exchange LLC ("Exchange") filed with the Securities

and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to amend Rule 7620 (Accommodation Transactions) to allow Floor Brokers to enter opening cabinet orders on behalf of customers and Floor Market Makers, and codify that cabinet trades will follow open outcry rules pursuant to Exchange Rule 7600. 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://boxoptions.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

First, the proposed rule change is to amend Rule 7620 (Accommodation Transactions) to allow Floor Brokers to enter opening cabinet orders on behalf of customers³ and Floor Market Makers. This is a competitive filing that is based on cabinet trading functionality at Cboe Exchange, Inc. ("Cboe").⁴

³ Customers of the Floor Broker can include Public Customers, Broker Dealers and Market Makers.

⁴ See Cboe Rule 5.85(h) (previously, Cboe Rule 6.54 Accommodation Liquidations (Cabinet Trades)); see also Securities Exchange Release No. 34-73974 (December 31, 2014) (Order Approving SR-CBOE-2014-93) (explaining under the [cabinet trade] procedures, bids and offers (whether opening or closing a position) at a price of \$1 per option contract may be represented in the trading crowd by a Floor Broker . . . but must yield priority to all resting orders in the [] cabinet book (which resting

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

¹⁸ For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁹ 15 U.S.C. 78s(b)(2)(B).

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

As background, with respect to the proposed change, the Exchange adopted cabinet trading on the Exchange's Trading Floor.⁵ Under the current BOX Rule 7620 (Accommodation Transactions), only closing cabinet transactions at a price of \$1 per option contract for the account of a customer or Floor Market Maker are allowed. In addition, the rule specifies that opening orders are not cabinet orders, but opening orders in certain cases may be matched with a cabinet order.⁶ The Exchange now wishes to allow opening cabinet orders to further accommodate additional cabinet transactions on the Exchange Trading Floor.

The Exchange first proposes to amend the definition of cabinet orders to include bids and offers (whether opening or closing) at a price of \$1 per option contract for the account of a customer or Floor Market Maker.

The Exchange expects the majority of opening cabinet orders to be submitted by Market Makers (e.g., Floor Market Makers or Away Market Makers), but intends to offer the potential benefits of these transactions to all participants.⁷ As liquidity providers, Market Makers play a vital role in the financial markets and help to facilitate market efficiency and price discovery. Market Makers engage in a course of dealings for their own account to assist with the maintenance of a fair and orderly market. Market Makers must consistently manage portfolio risk and seek opportunities to hedge their exposures in order to maintain a risk-neutral position. Failure to rebalance portfolios and continuously hedge exposes Market Makers to undesirable

cabinet book orders may be closing only); Securities Exchange Release No. 34-86994 (September 23, 2019) (SR-CBOE-2019-058) (noting inadvertent removal of rule language and current proposal to clarify and explicitly state market participants may continue to place opening cabinet orders, so long as they yield to all closing cabinet orders represented by the trading crowd).

⁵ See Securities Exchange Release No. 34-85803 (May 8, 2019) (Notice of filing and immediate effectiveness SR-BOX-2019-16).

⁶ See BOX Rule 7620(c), (d), and (e).

⁷ Although the Exchange anticipates that Market Makers would be the primary market participant involved in submitting opening cabinet trades, the Exchange proposes to offer the order type to all participants for competitive reasons. The Exchange notes that its competitors offer all participants the ability to submit opening cabinet orders, and therefore, the Exchange wishes to offer the same opportunities. See Securities Exchange Release No. 34-86994 (September 17, 2019) (Notice of Filing and Immediate Effectiveness SR-CBOE-2019-058) (stating that "market participants may continue . . . to place opening cabinet orders, which must continue to yield to all closing cabinet orders represented by the trading crowd."); See also NYSEArca Rule 6.80-O(b)(3) (stating "[Cabinet] [o]rders may be placed for customer, firm and Market Maker accounts . . .").

risk. Therefore, permitting Market Makers to submit opening cabinet orders, while yielding priority to all closing cabinet orders, will enable Market Makers (or other market participants) to hedge away unwanted exposure and get back to a risk-neutral position.

As an example of the proposed rule change, consider the following:

Assume Market Maker (MM1) has the following positions:

(Position 1): Long 300 put contracts on XYZ with a May 2020 expiration date, and a \$105 strike price

(Position 2): Short 300 put contracts on XYZ with a May 2020 expiration date, and a \$100 strike price
XYZ stock is currently at \$50 per share.

If MM1 then exercises Position 1 (Long 105 puts). MM1's positions are now:

(Position 2): Short 300 put contracts on XYZ with a May 2020 expiration date, and a \$100 strike price

(Position 3): Short 30,000⁸ Shares of XYZ stock (because MM1 exercised Position 1 and now has the right to sell 30,000 Shares of the underlying stock)

With this change MM1's current risk is XYZ's stock price rising past \$100 per share, a risk exposure that is theoretically unlimited. In the industry having these types of positions is called being "synthetically short".⁹ In order for MM1 to hedge the risk of the stock price going past \$100 per share, MM1 would seek to offset the risk of his current Positions (2 and 3) by submitting an opening cabinet bid for 300 XYZ call contracts with a May 2020 expiration, at a \$100 strike price (Position 4).¹⁰

MM1 would have the following positions:

(Position 2): Short 300 put contracts on XYZ with a May 2020 expiration date, and a \$100 strike price

⁸ Example assumes each contract covers 100 shares of the underlying stock, therefore, 300 contracts multiplied by 100 shares of the underlying stock is 30,000 shares.

⁹ Synthetic options are trading positions holding a number of securities that when taken together, emulate another position. See *Synthetic Options*, www.corporatefinanceinstitute.com, <https://www.corporatefinanceinstitute.com/resources/knowledge/trading-investing/synthetic-options/>.

¹⁰ The Exchange notes, although submitted as an "opening" trade, this order is in effect "closing" synthetically for the Market Maker and transferring risk from that Market Maker's books to another Market Maker more comfortable with that risk exposure. The Exchange also notes that this opening bid would be for a series that is not actively traded and therefore would be in line with the primary purposes of cabinet trading because the Market Maker could now trade in a series that is not actively traded in order to synthetically close their position and hedge unwanted portfolio risk.

(Position 3): Short 30,000¹¹ Shares of XYZ stock

(Position 4): Long 300 call contracts of XYZ with a May 2020 expiration at a \$100 strike price

After purchasing Position 4, MM1 will have effectively paired off Positions 2 and 3, and hedged against any previous risk of the XYZ stock price going over \$100 per share.

Next, the Exchange proposes to make numerous changes to Rule 7620 to reduce confusion and clarify certain terms and conditions.

First, the Exchange proposes to add language to codify that Cabinet Orders may only be executed on the Exchange's Trading Floor in open outcry pursuant to Rule 7600 series. This language is intended to clarify that cabinet orders may execute in open outcry like all other orders execute in open outcry, in accordance with the order allocation, priority, and execution rules applicable to Qualified Open Outcry ("QOO") Orders. The Exchange notes, the proposed changes do not substantively alter the manner in which cabinet orders may trade currently. The Exchange believes clarifying that cabinet orders follow the same trading floor rules as all other open outcry orders will simplify the rules of cabinet orders for Participants, making the rules for cabinet transactions easier to follow and understand. The Exchange notes this part of the proposal is similar to Cboe's cabinet order rule.¹² In addition, as described in further detail below, Participants will no longer be required to conduct cabinet trades through a manual process which includes filling out and submitting forms to the Exchange.

In addition, the Exchange believes the proposal, as discussed herein, would make clear that the split-price priority provisions within Rule 7600 series will apply to cabinet trades in open outcry.¹³ The Exchange believes that expressly including that split-price priority provisions will apply to open outcry cabinet trading would clarify to Participants that this functionality is available on the Exchange. The Exchange believes not offering split-price functionality for cabinet orders unnecessarily limits the ability of market participants to manually trade cabinet orders on the floor. In addition, restricting split-pricing for cabinet trades would unreasonably restrict

¹¹ See *supra* note 8.

¹² See Cboe Rule 5.85(h). Cabinet orders on Cboe follow the order allocation and priority rules that are applicable to the execution of all orders in open outcry.

¹³ See BOX Rule 7600(i) (Priority on Split-Price Transactions Occurring in Open Outcry).

business by not making available certain prices which are available on other competing exchanges. Split-price priority for open outcry cabinet trades provides an extra incentive for market participants to both price improve and facilitate the efficient trading of options contracts that are worthless or not actively traded. The Exchange notes that at least one other competing options exchange (NYSE American LLC “NYSE American” f/k/a NYSE MKT LLC) amended their rule text to explicitly allow for split-price priority provisions to apply to cabinet trading.¹⁴ In the same manner, the Exchange now seeks to extend split-price priority to open outcry cabinet trades in order to have substantially similar rules to those of other exchanges with trading floors. The Exchange believes this will not only enable greater competition among competing exchanges that already offer this functionality, but also will align the Exchange’s rules with competitors and thereby promotes efficiency and will help reduce any potential for investor confusion. The Exchange notes current Rule 7620 provides that cabinet trading shall be conducted in accordance with other Exchange rules except as

¹⁴ See Securities and Exchange Act Release No. 34–68128 (November 1, 2012), 77 FR 66888 (November 7, 2012) (SR–NYSEMKT–2012–55) (noticed by the Commission for immediate effectiveness). NYSEMKT noted that “neither CBOE nor PHLX have a similar restriction [for split-price priority] on cabinet trades, and allow for split-price priority for cabinet trades on the trading floor.” NYSEMKT cited to the prevailing Choe and Phlx rules at the time, (specifically CBOE Rules 6.54 and 6.47 and PHLX Rule 1059) and emphasized that “[s]plit-price priority [was] available for open outcry trading on both CBOE and PHLX, with no restriction for cabinet trades.” Choe Rule 6.54 was modified to the current rule text and moved to Choe Rule 5.12. See Securities and Exchange Act Release No. 86994 (September 17, 2019), 84 FR 49774 (September 23, 2019) (SR–CBOE–2019–058). In Choe’s SR–CBOE–2019–058 rule filing, Choe noted the rule change would not “substantively alter the manner in which cabinet orders may trade,” and stated that cabinet orders would execute “in accordance with the order allocation, priority and execution rules . . . which is substantially similar to how cabinet trades currently function.” Choe’s Cabinet Orders rule was subsequently relocated from Rule 5.12 to Rule 5.85(h), where it is currently located. See Securities and Exchange Act Release No. 87224 (October 4, 2019), 84 FR 54652 (October 10, 2019) (SR–CBOE–2019–081). The Exchange believes split-price priority continues to be available for cabinet trading on Choe’s trading floor. See also Phlx Options 8 Section 33. Accommodation Transactions and Options 8 Section 25(a)(2) (split-price priority). Per Phlx rulebook, split-price priority “applies to the allocation of orders on the Trading Floor” and cabinet trading (accommodation transactions) are conducted only by Floor Brokers on Phlx’s trading floor. While the above exchanges do not explicitly state in their rule text that split-price functionality is available for cabinet orders, as detailed above, NYSE American/NYSEMKT amended its cabinet trading rule text to specifically allow for split-price priority for open outcry cabinet trades because other exchanges provide for this capability.

otherwise provided within Rule 7620, which states, in part, that Exchange Rule 7050 (Minimum Trading Increments) shall not apply to orders placed in the cabinet. Accordingly, the Exchange believes there is no conflict between the Exchange’s current rules and the proposed rule change.

The Exchange then proposes to specify that option classes participating in the Penny Interval Program, pursuant to Rule 7260, are not allowed as cabinet orders. Penny Interval classes may already trade in minimum increments of \$0.01, therefore, the proposed change adds clarity to the rule text, and ensures that the cabinet order rule accounts for other Exchange Rules that provide for trading in penny classes. The Exchange notes the exclusion of penny classes is consistent with cabinet order rules on at least one other exchange.¹⁵

The Exchange then proposes to add language that Floor Brokers representing bids and offers for cabinet trades must first yield priority to all existing closing cabinet orders represented on the Trading Floor. The Exchange believes including this language makes clear that cabinet orders (whether opening or closing) must yield priority to any existing closing cabinet orders. For example, if a pre-existing closing cabinet order is being represented in the trading crowd, and another closing cabinet order is submitted, the pre-existing closing cabinet order will take priority over the new closing cabinet order. The Exchange notes this priority process is followed on at least one other options exchange.¹⁶

Next, as noted above, the Exchange proposes to remove language in current subsection (b) which requires Floor Brokers to use designated transaction forms to record cabinet transactions and remove the language that states Rule 7580(e)(1) does not apply to cabinet orders. The Exchange proposes to have cabinet orders systematized by Floor Brokers when they record the cabinet orders in their order entry mechanisms prior to representation on the Exchange’s Trading Floor for execution in open outcry. Specifically, cabinet orders, like all other QOO Orders, will be subject to the order recordation rule under BOX rule 7580(e)(1).¹⁷ The Exchange believes this will aid Floor

¹⁵ See *supra* note 4.

¹⁶ See Choe Rule 5.85(h) (stating that “[c]abinet orders may only execute after yielding priority to all closing cabinet orders represented by the trading crowd”).

¹⁷ BOX Rule 7580(e)(1) requires Floor Brokers to contemporaneously upon receipt of a single or double-sided orders, and prior to the announcement of such order in the trading crowd, record specific information of the order onto the Floor Broker’s order entry mechanism.

Brokers in executing cabinet transactions more efficiently and help create an electronic audit trail for cabinet orders represented and executed by Floor Brokers on the Exchange’s Trading Floor.

The Exchange then proposes to remove the specific scenarios laid out in current subsections (c) through (e). The Exchange believes not removing these examples, which describe the limited circumstances in which opening orders may be matched with a cabinet order¹⁸ would create investor confusion as to the types of cabinet orders allowed on the BOX Trading Floor. As previously discussed, the Exchange’s current proposal would allow *all* cabinet trades (opening or closing) to occur via open outcry pursuant to Exchange Rule 7600 series, therefore current subsections (c) through (e) would be unnecessary and potentially confusing. The Exchange is also proposing to remove the definition of “opening order” in the current rule because the Exchange no longer intends to limit the meaning of the term to contra-side opening orders as a response to customers. The Exchange’s proposal allows for initiating and contra-side opening orders.

Finally, the Exchange proposes to remove the requirement for Participants to submit a cabinet transaction form under Rule 7620(f). As previously noted, the Exchange is proposing to remove cabinet transaction forms in order to have cabinet orders be recorded and executed like all other QOO Orders on the Exchange’s Trading Floor. Therefore, Floor Brokers manually submitting cabinet transaction forms to the Exchange will no longer be necessary. The Exchange believes that harmonizing cabinet orders and QOO Orders will avoid any potential investor confusion by providing consistency in order and trade recordation on the Trading Floor.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹⁹ in general, and Section 6(b)(5) of the Act,²⁰ in particular the Exchange believes the proposed rule change promotes just and equitable principles of trade, and by supplying market participants with an additional risk management tool will remove impediments to and perfect the mechanism of a free and open market and national market system, and in general, protects investors and the

¹⁸ See *supra* note 6.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

public interest. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(5) requirement that the rules of an exchange not be designed to permit unfair discrimination between market participants because opening cabinet trades are available to all market participants and must respect the priority of closing cabinet orders. The Exchange believes opening cabinet trades would essentially function as an alternative means by which Participants could avoid unwanted position exposure. In addition, the Exchange notes that opening cabinet trades are not profitable for Participants, but can be used to change a Participant's risk profile. The Exchange believes that the proposed change is in line with the primary purpose of cabinet trading because closing cabinet orders allow market participants to close worthless positions—that carry some form of *diminutive risk*—and opening cabinet trades will similarly enable Participants to submit orders in not actively traded series to effectively close out (synthetically) the risk of current positions. As such, the Exchange believes allowing market participants to execute both opening and closing cabinet positions is consistent with the Act.

As stated above, the Exchange believes offering opening cabinet orders will allow Market Makers (and other market participants) to more effectively manage portfolio risk. The Exchange believes enhancing the abilities of market participants to reduce risk exposure will remove impediments to, and perfect the mechanisms of, a free and open market and a national market system by enabling market participants to better manage risk and continue to further participate in the market.

The Exchange believes the proposed rule promotes just and equitable principles of trade by accepting opening cabinet orders, only if they yield priority to existing closing cabinet orders represented in the trading crowd. This order of precedence will ensure that cabinet orders remain available for all market participants wishing to effect closing transactions, but if no such orders exist, the Exchange will then allow for opening cabinet trades to execute. Additionally, the Exchange believes the proposed rule change is consistent with the requirement that the rules of an exchange not be designed to permit unfair discrimination between Participants. Specifically, the proposed rule change is not unfairly discriminatory because the priority process respects the primacy of closing cabinet orders which the Exchange

anticipates would be executed by a broader range of market participants.

The Exchange believes amending the rule text to remove the trading scenarios²¹ in the current rule text that will no longer apply and stating that all cabinet orders will execute in open outcry pursuant to Rule 7600 fosters cooperation and coordination with persons engaged in facilitating transactions in securities. The Exchange believes clarifying that cabinet trades will follow the pre-existing rules of QOO Orders adds greater transparency and consistency to the Exchange's Trading Floor rules. The Exchange believes that the proposed changes, overall, will make the cabinet trading rules easier to follow and understand. The Exchange believes removing the requirement for Participants to submit manual cabinet transaction forms, and instead have Floor Brokers follow the electronic order recordation rule of the Exchange will reduce the administrative burden on Floor Brokers and therefore removes impediments to and perfects the mechanisms of a free and open market. Also, because cabinet trades will be reported and processed like all other open outcry trades, market participants will not be impacted nor have to take on any additional reporting or processing burden. In addition, the Exchange believes that the proposal is designed to prevent fraudulent and manipulative acts and practices because having an electronic audit trail of all cabinet orders will provide a complete and accurate record of cabinet transactions and better facilitate regulatory oversight. The Exchange notes at least one other options exchange systematizes cabinet orders and allows cabinet orders to execute pursuant to open outcry rules.²²

The Exchange believes allowing for split-pricing priority provisions (pursuant to Rule 7600) to apply to cabinet trades promotes just and equitable principles of trade, and removes impediments to and perfects the mechanisms of a free and open market and national market system because it will align the Exchange's Rules with the rules and trading practices of other options exchanges that currently conduct cabinet trading on their respective trading floors.²³ The Exchange believes providing market participants the ability to have split-price priority when trading cabinet orders will help facilitate the trading of options positions that are worthless or not actively traded. The Exchange

believes the proposal is consistent with the protection of investors and the public interest because allowing for split-price priority for cabinet trading should lead to more aggressive quoting by Floor Participants, which in turn may lead to better executions for all market participants. Specifically, a Floor Participant might be willing to trade at a better price for a portion of an order if they were assured of trading with the balance of the order at the next best price increment. As a result, Floor Brokers representing orders in the trading crowd might receive better-priced executions.

Lastly, the Exchange believes permitting opening cabinet transactions that yield priority to existing closing cabinet orders aligns the Exchange's rule with at least two other exchanges with trading floors.²⁴ Therefore, the Exchange believes this proposal offers more consistency with floor trading across market centers which helps avoid potential investor confusion, thereby removing impediments to and perfecting the mechanisms of a free and open national market system and protecting investors and the public interest.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As indicated above, the Exchange notes that the rule is being proposed as a competitive response to the rules of another exchange.²⁵ The Exchange believes that allowing for additional liquidations at \$1 per option contract would allow market participants to better manage risk and hedge unwanted exposure. The Exchange believes this promotes competition amongst exchanges because market participants will have an additional venue in which they can execute opening cabinet order transactions. In addition, the Exchange believes allowing opening cabinet executions from Market Makers will provide Market Makers with an additional risk management tool while trading on BOX, and encourage them to direct more general order flow to the Exchange, which may ultimately benefit all Participants. Furthermore, the Exchange does not believe that the proposed rule change will impose any

²¹ See *supra* note 6.

²² See *supra* note 4.

²³ See *supra* note 14.

²⁴ See *supra* note 4 and NYSEArca Rule 6.80–O(b)(5) (noting bids or offers on orders to open or close for the accounts of Market Makers, customers or firms may be made at \$1 per option contract, but such orders must yield to all orders in the cabinet).

²⁵ See *supra* note 4.

burden on intramarket competition because the proposal simply offers an additional way for all market participants to synthetically liquidate unwanted risk exposure, and respects the priority of closing cabinet orders. In addition, the Exchange does not believe the proposed rule change will impose any burden on intramarket competition because the proposed cabinet orders will be available to all market participants to execute in open outcry in the same manner as they are able to execute any other QOO Orders. Furthermore, the Exchange believes that allowing for split-pricing priority to apply to cabinet trades is pro-competitive as it will allow the Exchange to offer its Participants pricing abilities which are currently available on competing exchanges.²⁶ As such, 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.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-2020-38 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-2020-38. 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-2020-38 and should be submitted on or before January 21, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Eduardo A. Aleman,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90774; File No. SR-NASDAQ-2020-092]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Expiration Date of the Temporary Amendments Set Forth in SR-NASDAQ-2020-076 Concerning Video Conference Hearings

December 22, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 17, 2020, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by 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 Substance of the Proposed Rule Change

The Exchange proposes to extend the expiration date of the temporary amendments in SR-NASDAQ-2020-076 from December 31, 2020 to April 30, 2021. The proposed rule change would not make any changes to the text of the Exchange rules.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

²⁶ See supra note 14.

²⁷ 17 CFR 200.30-3(a)(12).