Amendment to Gratuities Rule

TO: BOX Options Market Participants
FROM: BOX Exchange LLC
SUBJECT: Amendment to Gratuities Rule
DATE: July 13, 2026

Pending regulatory approval, the Exchange will amend Rule 3060[1] (the "Gratuities Rule") to conform with FINRA Rule 3220 (Influencing or Rewarding Employees of Others).[2] The amendment updates the gift limit to $300 per person per year, incorporates additional guidance and interpretations, and provides for exemptive relief.

The Gratuities Rule prohibits any Participant or person associated with a Participant, directly or indirectly, from giving anything of value in excess of a specified dollar limit per year to any person where such payment is in relation to the business of the recipient's employer.[3] The rule seeks to avoid improprieties, such as conflicts of interest, that may arise when a Participant or person associated with a Participant gives items of value to an employee of another person, such as an institutional customer, vendor or counterparty with the hope of strengthening the relationship with the customer.

Key Changes

1. **Increased Gift Limit to $300**

[1] The proposed rule change amends the title of Rule 3060 from Gratuities to Influencing or Rewarding Employees of Others.
[2] For more information, please see SR-BOX-2026-17.
[3] The term "anything of value" is broad and includes both cash and non-cash compensation. It would not, however, include intangible items such as an associated person's time.

The Exchange is amending the existing gift limits of $50.00 for any employee of the Exchange and $100.00 for any employee of any other Participant or of any non-member broker, dealer, bank or institution, to $300 per person per year.

2. Adoption of IM-3060-1

The Exchange is proposing to adopt IM-3060-1, which codifies the provisions within FINRA Supplementary Materials 3220.01 through 3220.09. As discussed in more detail below, IM-3060-1 clarifies that the Gratuities Rule does not apply to gifts from a Participant to its own associated persons or to individual retail customers; addresses valuation, aggregation, supervision and recordkeeping requirements; and codifies several exceptions for which the gift limit and recordkeeping requirements in the Gratuities Rule do not apply.

- *Gifts Incidental to Business Entertainment*—IM-3060-1(a) provides that a gift given during the course of a business entertainment event is subject to the $300 gift limit, unless it is a personal gift or of de minimis value or a promotional or commemorative item. Although gifts given incidental to a business entertainment event are subject to the $300 gift limit, the cost of the business entertainment event itself would not be included in the value of the gift.
- *Valuation of Gifts*— IM-3060-1(b) requires that gifts (other than tickets to sporting or other events) be valued at cost, exclusive of tax and delivery charges. When valuing tickets to sporting or other events, the Participant must use the higher of cost or face value. The Exchange believes it is appropriate to distinguish tickets to sporting or other events from other gifts because such tickets are commonly purchased on secondary markets at a cost that is different from the face value of the ticket, and the face value of tickets is typically readily determinable. If gifts are given to multiple recipients, Participants should record the names of each recipient and calculate and record the value of the gift on a pro rata per recipient basis.
- *Aggregation of Gifts*— IM-3060-1(c) requires Participants to aggregate all gifts given by the Participant and each associated person of the Participant to a particular recipient over the course of the year for purposes of ensuring compliance with the $300 gift limit. In addition, each Participant must state in its procedures whether it is aggregating all gifts given by the Participant and its associated persons on a calendar year, fiscal year or on a rolling basis beginning with the first gift to any particular recipient. The purpose of the aggregation requirement is to ensure that the value of multiple gifts given throughout a year to a particular recipient does not exceed the gift limit. The aggregation requirement does not apply to de minimis, promotional, commemorative or personal gifts, as these gifts are not subject to the gift limit.
- *Personal Gifts*— IM-3060-1(d) provides that gifts given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) are not subject to the $300 gift limit or the recordkeeping requirements of the Gratuities

Rule,[4] provided that the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. In determining whether a gift is “personal in nature and not in relation to the business of the employer of the recipient,” Participants should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient, and whether the associated person paid for the gift. When the Participant bears the cost of the gift, either directly or by reimbursing an associated person, the Exchange presumes that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient.

- *Bereavement Gifts*— IM-3060-1(e) provides that customary and reasonable bereavement gifts are not considered to be in relation to the business of the employer of the recipient. Bereavement gifts are therefore not subject to the $300 gift limit or the recordkeeping requirements of the Gratuities Rule.
- *De Minimis Gifts and Promotional Items*— IM-3060-1(f) provides that gifts of a de minimis value (e.g., pens, notepads, modest desk ornaments) or promotional items of nominal value that display the Participant’s logo (e.g., umbrellas, tote bags, shirts) are not subject to the $300 gift limit or the recordkeeping requirements of the Gratuities Rule. The value of a de minimis gift or promotional item must be substantially below the $300 limit. Gifts valued in amounts above or near $300 would not be considered nominal.
- *Commemorative Items*— IM-3060-1(f) provides that customary and reasonable solely decorative items commemorating a business transaction are not subject to the $300 gift limit or the recordkeeping requirements of the Gratuities Rule. Such solely decorative items commemorating a business transaction are excluded from the requirements of the Gratuities Rule even if such items cost more than $300.
- *Donations Due to Federally Declared Major Disasters*— IM-3060-1(g) provides that donations by a Participant or an associated person to any person, principal, proprietor, employee, agent or representative of another person to provide assistance to the individual for losses sustained in a natural event that the U.S. President has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake or flood, are not considered to be in relation to the business of the employer of the recipient. Thus, such donations are not subject to the $300 gift limit or the recordkeeping requirements of the Gratuities Rule.
- *Supervision and Recordkeeping*— IM-3060-1(h) provides that to have a supervisory system reasonably designed to achieve compliance with the Gratuities Rule, Participants are required to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the Participant and its associated persons to employees of another person are: (a) reported to the Participant; (b) reviewed for compliance with the Gratuities Rule; and (c) maintained in the Participant’s records. Such procedures must be reasonably

[4] *See* Rule 3060(c).

designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer. IM-3060-1(h) also makes explicit that the recordkeeping requirements of the Gratuities Rule do not apply to gifts that are excluded from the restrictions of the rule (i.e., personal gifts, bereavement gifts, de minimis gifts, promotional or commemorative items, or donations due to federally declared major disasters).[5]

- *Gifts to a Participant's Associated Persons or Individual Retail Customers*— IM-3060-1(i) makes clear that the Gratuities Rule does not apply to gifts from a Participant to its own associated persons, or to gifts from a Participant or an associated person to individual retail customers.[6]

3. **Exemptive Relief**

   The amendment also authorizes Exchange staff to grant exemptions from the Gratuities Rule for good cause shown.[7]

Policies and Procedures

Participants are further reminded that they must establish, maintain, and enforce written supervisory procedures that are reasonably designed to achieve compliance with applicable securities laws and regulations and with the applicable rules of the Exchange and therefore should make necessary updates related to activities addressed in this Notice.

Contact

Please review the information provided herein. If you have any questions regarding this information, please contact the Market Regulation Center at BOXMRC@boxexchange.com.

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[5] Although recordkeeping is not required for excluded gifts, Participants may determine to implement a recordkeeping requirement for such gifts as part of their supervisory system to achieve compliance with the Gratuities Rule. The Exchange recognizes that there are a variety of methods for ensuring compliance with the Gratuities Rule. Participants should implement a reasonable process for assessing their individual needs and business models to determine systems and procedures that are reasonably designed to achieve compliance with the Gratuities Rule.

[6] Participants may have policies and procedures that restrict or prohibit gifts to individual retail customers.

[7] *See* Rule 3060(d).