BOX Exchange Electronic Market Maker Quote Requirement Summary

Market Maker Opening the Market (BOX Rule 7070)

- During the Pre-Opening Phase, the BOX Trading Host will accept orders and quotes. The Pre-Opening Phase begins at 7:00 a.m. ET.
- Generally, all quotes and quote updates on BOX after the opening are liquidity adding only. Specifically, after the Opening Match, a Market Maker's quote will not execute against a resting order or quote on the BOX Book. If an incoming quote is marketable against the BOX Book and will execute against a resting order or quote, it will be rejected.
- The Market Maker continuous quoting obligations detailed in Rule 8050 do not apply during the Pre-Opening Phase.
- The bid/offer differentials detailed in Rule 8040(a)(7) apply during the Pre-Opening Phase.

Long-term Options Contracts (BOX Rule 5070)

- Strike price interval (IM-5050-1), bid/ask differential (Rule 8040(a)(7)), and continuous quoting (Rule 8050(e)) rules shall not apply to such options series until the time to expiration is less than nine (9) months.
- To calculate whether the time to expiration is greater than nine (9) months the Exchange determines if the current date is past the current month's monthly expiration date (the 3rd Friday of the month) to set the LEAPS "end month"
  - If not, then the Exchange uses the current month + 9 months
  - If it is, then the Exchange uses the current month + 10 months
- The instrument is excluded from Market Maker quoting obligations if the instrument's expiration date is greater than the expiration date of the "end month" (the expiration date is listed in green in the example below).
  - September 1 example: Quoting obligation through May 15th expiration date.
  - September 30 example: Quoting obligation through June 18th expiration date.

Current Date SEP 1, 2025	Current Date SEP 30, 2025
SEP 19	SEP 19
OCT 17	OCT 17
NOV 21	NOV 21
DEC 19	DEC 19
JAN 16, 2026	JAN 16, 2026
FEB 20	FEB 20
MAR 20	MAR 20
APR 17	APR 17
MAY 15	MAY 15
JUN 18	**JUN 18**
JUL 17	JUL 17
AUG 21	AUG 21

Obligations of Market Makers (BOX Rule 8040)

- Market Makers must price options contracts fairly by, among other things, bidding and offering so as to create differences of no more than $5 between the bid and offer.
- The Exchange may establish differences other than the above for one or more options series.
- For in-the-money options series where the underlying securities market is wider than the differential set forth above, the bid/ask differential for these series may be as wide as the quotation on the primary market of the underlying security.
    - In the Money is calculated using the underlying stock bid price for puts and the underlying ask price for calls. If the call strike price is below the underlying ask price or last sale price (whichever is higher) the option is in the money. If the put strike price is above the underlying bid price or last sale price (whichever is lower) the option is in the money.

Quote Standards

- A Market Maker that enters a bid (offer) in a class in which the Market Maker is appointed must enter an offer(bid) within the spread allowable under Rule 8040.
- A Market Maker’s bid (offer) must be accompanied by the minimum number of contracts determined by the Exchange.

- Minimum standard quote size is 1 contract on both sides of the quote (Rule 8050).

Quote Width Exemptions

- The Exchange may establish differences other than the bid/ask differential provided in Rule 8040(a)(7) for one or more options series.
- See https://boxexchange.com/resources/bid-ask-differentials/.

Market Maker Quotations (BOX Rule 8050)

- Market Maker Quoting Requirements
    - Must quote at least 60% of the time that the classes are open for trading across all options classes collectively that the Market Maker is assigned to. Quoting obligations apply daily to all assigned classes collectively for each Market Maker, rather than on a class-by-class basis per day.[1]
    - Changes to class appointments will not go into effect until the next trading day.
    - No adjusted option series quoting requirement.
    - No Quarterly Option Series quoting requirement.
    - No requirement to quote intra-day add-on series on the day during which such series was added for trading.
    - No requirement to quote long term option series where the time to expiration is greater than nine (9) months.

Preferred Market Makers (BOX Rule 7300)

- A Preferred Market Maker must maintain a continuous two-sided market, pursuant to Rule 8050(c)(1), throughout the trading day, in 99% of the option series of each class for which it accepts Preferenced Orders, for 90% of the time the Exchange is open for trading in each such option class.[2]

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[1] Compliance with this requirement is determined on a monthly basis; however, determining compliance with this requirement on a monthly basis does not relieve a Market Maker from meeting this quoting requirement on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet this requirement each trading day.

[2] Compliance with this requirement is determined on a monthly basis; however, determining compliance with this requirement on a monthly basis does not relieve a Preferred Market Maker from meeting this quoting requirement on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Preferred Market Maker for failing to meet this requirement each trading day.

- No adjusted option series quoting requirement.
- No Quarterly Option Series quoting requirement.
- No requirement to quote intra-day add-on series on the day during which such series was added for trading.
- No requirement to quote option series where the time to expiration is greater than nine (9) months.

<u>Automatic Quote Cancellation (BOX Rule 8130)</u>

- Automatic Quote Cancellation is enabled for a Market Maker's appointed options classes when a Market Maker sends an Automatic Quote Cancellation enabling message to the Trading Host.
- Market Makers are required to enable the Automatic Quote Cancellation feature for the Market Maker's appointed options classes and shall provide values for at least one of the following triggering parameters.
- A Market Maker shall enable Automatic Quote Cancellation by establishing values for at least one of the following triggering parameters for when the Market Maker, during a specified time period:
    1) Trades a specified number of contracts in the aggregate across all series of an options class;
    2) Trades a specified absolute dollar value of contracts bought and sold in a class;
    3) Trades a specified number of contracts in a class of the net between (i) calls purchased plus puts sold, and (ii) calls sold and puts purchased;
    4) Trades a specified absolute dollar value of the net position in a class between (i) calls purchased and sold, (ii) puts and calls purchased; (iii) puts purchased and sold; or (iv) puts and calls sold; or
    5) Trades a percentage of the Market Maker's quotes.