



## FLEX Position Limit Reporting and Exchange Review

**TO:** BOX Options Market Participants  
**FROM:** BOX Exchange LLC  
**SUBJECT:** FLEX Position Limit Reporting and Exchange Review  
**DATE:** December 7, 2023

BOX Exchange LLC (the “Exchange”) is issuing this Notice to inform Participants of certain Exchange requirements regarding FLEX Equity Options.<sup>1</sup>

### Position Limit Reporting and Margin

Pursuant to proposed Rule 5055(i)(1), each Participant (other than a Market Maker) that maintains a position on the same side of the market in excess of the standard position limit under Rule 3120 for Non-FLEX Equity Options of the same class on behalf of its own account or for the account of a customer shall report to the Exchange information on the FLEX Equity Option position, positions in any related instrument, the purpose or strategy for the position and the collateral used by the account. Participants shall report such information via email to BOX Market Regulation at [BOXMRC@boxexchange.com](mailto:BOXMRC@boxexchange.com).

Whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX Equity Option position in excess of the standard position limit for Non-FLEX Equity Options of the same class, the Exchange may, pursuant to its authority under Rule 10130(b), consider imposing additional margin upon the account maintaining such under-hedged position.

### Policies and Procedures

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<sup>1</sup> The launch of FLEX Equity Option trading on the BOX Trading Floor is pending regulatory approval. For more information, please see [SR-BOX-2023-20](#).

2023-463

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 requirements addressed in this Notice.

### **Contact**

Please review the information provided herein. If you have any questions regarding this information, please contact BOX Market Regulation at [BOXMRC@boxexchange.com](mailto:BOXMRC@boxexchange.com).