



Modification to Risk Protections - Time Interval

TO: BOX Options Participants
FROM: BOX Market Operations Center
SUBJECT: Modification to Risk Protections - Time Interval
DATE: March 21, 2024

Overview

Beginning **Monday, June 10, 2024**, BOX Options Market LLC (“BOX”) will implement the following changes to certain Risk Protections.

Specifically, BOX will modify the calculation of the Risk Protection counters by leveraging a “Look Back” time period instead of comparing the times between the current and previous trades on the following Risk Protections:

- Traded Order Protection
- Traded Activity Protection
- Market Maker Protection
- Percentage of Quote Protection
- Maximum Trigger Protection

Currently, the Risk Protection counters are incremented so long as the time between the current trade and the previous trade does not exceed the configured Time Interval.

Under the new functionality, the counting program will look back over the configured Time Interval to include the most current trade, along with all other trades that occurred within the time period.

Trades that occurred before the specified Look Back time period will not be counted. Trades within each Look Back time period, including the most current trade, will increment counters and if such counters equal or exceed configured limits, the Risk Protection(s) will be triggered.

Risk Protections on BOX

Traded Order Protection

When a Participant's **order** is executed, the Traded Order Protection ("TOP") counters are evaluated based on the trades which occurred within the TOP Look Back time period. Any trades which occurred prior to this Look Back time period will be excluded from the TOP calculations. The counting program for TOP includes the most current trade involving an order along with all other order-based trades that occurred within the Time Interval.

For all trades within the TOP Look Back time period, the following counters will be recalculated:

- Maximum Number of Trades from Orders
- Maximum Traded Order Volume
- Maximum Traded Order Value
- Delta Maximum Order Volume
- Delta Maximum Order Value

Traded Activity Protection

This protection allows Participants to set risk thresholds for **orders and quotes** executed on the Exchange during a specific Trade Activity Protection ("TAP") Look Back time period. Any trades which occurred prior to this Look Back time period will be excluded from the TAP calculation. The counting program includes the most current trade along with all other order-based and quote-based trades that occurred within the Time Interval.

For all trades within the TAP Look Back time period, the following counters will be recalculated:

- Maximum Number of Trades
- Maximum Traded Volume
- Maximum Traded Value
- Delta Maximum Volume
- Delta Maximum Value

Market Maker Protection

When a Market Maker's **quote** is executed, the Market Maker Protection ("MMP") counters are evaluated based on the trades that occurred within a MMP Look Back time period. Any trades which occurred prior to this Look Back time period will be excluded from the MMP

calculations. The counting program includes the most current trade along with all other quote-based trades that occurred within the Time Interval.

For all trades within the MMP Look Back time period, the following counters will be recalculated.

- Maximum Traded Volume
- Maximum Traded Value
- Delta Maximum Volume
- Delta Maximum Value

Percentage of Quote Protection

When a Participant's quote is executed, the Percentage of Quote counters are evaluated based on the trades which occurred within the MMP Look Back time period. Any trades which occurred prior to this Look Back time period will be excluded. The counting program includes the most current trade along with all other quote-based trades that occurred within the Time Interval.

Maximum Triggers Protection

When the total amount of triggers (Market Maker Protection, Traded Order Protection or Traded Activity Protection) for a Trader Team exceeds the configured Maximum Trigger limit within a set Maximum Trigger Protection ("MTP") Look Back time period the configured actions are taken. Triggers that occurred prior to this Look Back time period will be excluded from the MTP calculation. The counting program includes the most current trigger along with all other TOP, TAP, or MMP triggers that occurred within the Time Interval.

Configuration of Look Back Time Period

The Participant may customize the Look Back time period for the following protections by contacting the Market Operations Center (MOC). Otherwise, the current Exchange default will be used in the calculation.

- Traded Order Protection
- Traded Activity Protection
- Maximum Trigger Protection

For Market Maker Protection and Percentage of Quote Protection, the Look Back time period can be customized by underlying using the "BD: Bulk Quote Data message" Time Interval field in milliseconds.

For more information on the Risk Protections available on BOX, see [BOX Informational Circular IC-2016-15](#).

Technical Documentation

Please refer to the following documents for a complete description of the technical changes:

SOLA[®] SAIL Business Design Guide v3.3

SOLA[®] FIX Business Design Guide v4.0

Test Environment

Participants who wish to test their updated applications for these changes may contact the Market Operations Center to configure testing in the BOX ISV test environment.

For more information, please see Rules 7330, 7340, and 8130 in the BOX Rulebook and [SR-BOX-2024-08](#).

Contact

Please review the information provided herein. If you have any questions regarding this information, please contact the Market Operations Center at (866) 768-8845 or by e-mail at BOXMOC@boxoptions.com.