



Reminder of Various Floor Rules and Protocols

TO: BOX Options Market Participants
FROM: BOX Exchange LLC
SUBJECT: Reminder of Various Floor Rules and Protocols
DATE: July 17, 2025

BOX Exchange LLC ("BOX" or the "Exchange") is issuing this notice to remind Participants that transact business in open outcry on BOX's Trading Floor of the proper way to bid, offer, and otherwise communicate while on the Trading Floor.

Participation in the Trading Crowd

The Trading Floor consists of one Crowd Area where all option classes are located. See BOX Rule 100(a)(68). Pursuant to IM-8510-2, a Floor Market Maker will be deemed to be participating in a crowd only if such Floor Market Maker is, at the time an order is announced in the crowd, physically located in the specific Crowd Area. A Floor Market Maker who is physically present in such Crowd Area may engage in options transactions in assigned issues as a crowd participant, provided that such Floor Market Maker fulfills the requirements set forth in Rule 8510. Floor Market Makers are required to quote all classes on the Trading Floor pursuant to BOX Rule 8510(e). Specifically, whenever a Floor Market Maker enters the Crowd Area, which includes all classes, Rule 8510(e) requires that he undertake the obligations specified in Rule 8510(d) (In Classes of Option Contracts to Which Assigned—Affirmative Obligations). Accordingly, a Floor Broker or Options Exchange Official may request a quote in any class from a Floor Market Maker.

Announcing Orders in Open Outcry and Responding

When announcing an order in open outcry, bids and offers must be made in an **audible tone** of voice. See BOX Rule 100(b)(5). A Floor Market Maker shall be considered "out" on a bid or offer if he does not affirmatively respond to the Floor Broker who is announcing the order, provided that a Floor Broker must give a Floor Participant a reasonable amount of time to respond. A "reasonable amount of time" will be interpreted on a case-by-case basis by an Options Exchange Official based on the current market conditions and trading activity on the Trading

Floor. A Floor Participant bidding and offering in immediate and rapid succession shall be deemed “in” until he shall say “out” on either bid or offer.

Further, a Floor Broker must use an **audible tone** of voice when making a bid or offer on the Trading Floor. See BOX Rule 12140(e)(8). A Floor Broker shall ascertain that at least one Floor Market Maker is present in the Crowd Area prior to announcing an order for execution. See BOX Rule 7580(a). For FLEX Options, a Floor Broker shall ascertain that at least one FLEX Market Maker is present in the Crowd Area prior to announcing a FLEX Open Outcry Order for execution. See BOX Rule 7605(e)(3).

When a Floor Market Maker receives an audible request for a market, he or she must respond promptly to this request. All Floor Participants shall be given a reasonable amount of time to respond with a market, but if no prompt response is given, the requesting Floor Broker may establish a bid and offer by announcing his or her intentions in a reasonably audible manner to the trading crowd. In the case of a dispute, what constitutes reasonably audible will be determined on a case-by-case basis by an Options Exchange Official.

In responding to a Floor Broker’s request for a market in the trading crowd, the Exchange expects its Floor Participants to act in a professional manner and consistent with just and equitable principles of trade. The following conduct is not tolerated:

1. Delayed responses to requests from Floor Brokers when multiple requests for a market are announced simultaneously. Priority of bids and offers from Floor Participants in the trading crowd are based on price-time priority.
2. Floor Participants asking multiple times to repeat a request for a market that was announced in a loud and audible voice.
3. Undue delay caused by a Floor Participant sending details of the request to an off-floor Participant and such Floor Participant waiting for a phone call, instant message, or any other form of electronic communication to determine his or her response to the request for a market.

Further, Floor Market Makers must provide a two-sided market complying with the Exchange’s quote spread parameter requirements. Pursuant to BOX Rule 8510(d)(1):

Quote Spread Parameters (Bid/Ask Differentials). Options on equities and index options bidding and/or offering so as to create differences of no more than \$0.25 between the bid and the offer for each option contract for which the prevailing bid is less than \$2; no more than \$0.40 where the prevailing bid is \$2 or more but less than \$5; no more than \$0.50 where the prevailing bid is \$5 or more but less than \$10; no more than \$0.80 where the prevailing bid is \$10 or more but less than \$20; and no more than \$1 where the prevailing bid is \$20 or more, provided that, in the case of equity options, the bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded up to the nearest

minimum increment. The Exchange may establish differences other than the above for one or more series or classes of options. Quotations provided in open outcry may not be made with \$5 bid/ask differentials provided in Rule 8040(a)(7) and instead must comply with the legal bid/ask differential requirements described in this subparagraph.

Floor Market Makers shall provide such quotations with a size of not less than 10 contracts. See BOX Rule 8510(c)(2). In response to any request for quote by a Floor Broker or Options Exchange Official, Floor Market Makers must provide a two-sided market complying with the quote spread parameter requirements contained in Rule 8510(d)(1).

Pursuant to BOX Rule 100(b)(5), once the trading crowd has provided a **quote, it will remain in effect** until: **(i)** a reasonable amount of time has passed; **(ii)** there is a significant change in the price of the underlying security; or **(iii)** the market given in response to the request has been improved. In the case of a dispute, the term “significant change” will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors. Floor Market Makers may utilize the provisions of BOX Rule 100(b)(5) to withdraw bids and offers **only** in the instance where the circumstances described in BOX Rule 100(b)(5) are present while in the trading crowd.

Once the parties to an open outcry transaction have arrived at a meeting of the minds in the trading crowd, bids and offers **cannot** be withdrawn, unless the order is unable to be executed in the BOG because the order does not comply with priority and trade-through rules, including BOX Rules 7040, 8510, and 15010. A “Meeting of the Minds” means the contra-side(s) verbally confirmed participation in the trade.

Communications While on the Trading Floor

No Floor Participant or person associated with a Floor Participant may establish or maintain any communication device between the Trading Floor and any other location, or between locations on the Trading Floor, without the prior written approval of the Exchange. Furthermore, no person on the Trading Floor may use any device for the purpose of recording activities on the Trading Floor or maintaining an open line of continuous communication whereby a person not located in the Crowd Area may continuously monitor the activities in the Crowd Area. This prohibition covers, but is not limited to, intercoms, walkie-talkies and any similar devices, and open mic and web-based communication applications. See BOX Rule 7660. This Rule is intended to apply to all communication and other electronic devices on the floor of the Exchange, including, but not limited to, wireless, wired, tethered, voice, and data. The following is a non-exhaustive list of practices that would constitute a violation of BOX Rule 7660:

1. Using any device that does not allow Options Exchange Officials to easily make a visual determination of whether an open line of communication is being maintained in the Crowd Area;
2. Using a cell phone while negotiating a trade; and
3. Using any open line of communication on the Trading Floor.

As mentioned in BOX Notice 2023-11, video capabilities of any video conferencing platforms are not permitted on the Trading Floor. Floor Participants who use alternative communication devices for conferencing must ensure that the video functionality of any such device used on the Trading Floor is disabled.

Please familiarize yourself with BOX Rule 7660 (Communications and Equipment) and the BOX Communication Device Policy.

Policies and Procedures

Floor 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.

Violations of the aforementioned Rules, among other Rules applicable to BOX's Trading Floor, will be enforced by BOX. A violation of BOX's Rules may result in a sanction, up to and including a fine or suspension.

Contact

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