



## Disruptive Trading Activity

**TO:** BOX Options Market Participants  
**FROM:** BOX Exchange LLC  
**SUBJECT:** Disruptive Trading Activity  
**DATE:** July 7, 2026

### Disruptive Trading Activity

BOX Exchange LLC (“BOX” or the “Exchange”) is issuing this Regulatory Notice to provide further notice to Participants of conduct that the Exchange may consider a violation of Exchange Rules, including, but not limited to, Exchange Rule 3000 (Just and Equitable Principles of Trade). The Exchange has previously distributed [RC-2020-36](#), [RC-2022-04](#), [RC-2022-11](#), [RC-2022-13](#), [RC-2026-18](#), and [RC-2026-51](#) to detail order, quote, and technical message behavior that is not allowed on the Exchange’s systems and that may, at a minimum, be considered a violation of just and equitable principles of trade.

### Non-Bona Fide Trading as Disruptive Activity

A long-standing principle in the equity and options markets is that firms should only enter bona fide orders. In addition, firms have an obligation to prevent the customers, to whom they provide access from engaging in improper conduct, including the entry of non-bona fide orders. Quoting should be done to enable trading. Orders should be entered to be filled. Placing quotes or entering orders should be done to change positions, not to induce another market participant to trade, affect a price or create misleading conditions. Non-bona fide trading has generally been considered to be potentially disruptive and violative.

The Exchange understands that some orders do not get filled or are modified or cancelled in light of a perceived or real change in market conditions. Though such activity may not necessarily and inherently be problematic, if a Participant is entering non-bona fide orders, this could constitute disruptive activity and may violate the federal securities laws and/or the rules of the Exchange.

## Transactions of Market Makers

Transactions of a Market Maker in its market-making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings (e.g., quote stuffing). A Market Maker is obligated to, among other things:<sup>1</sup>

- Compete with other Market Makers to improve the market in all series of options classes to which the Market Maker is appointed;
- Update quotations in response to changed market conditions;
- Maintain active markets in its appointed classes; and
- Only effect purchases and sales on the Exchange in a reasonable and orderly manner.

## Acceptable Use of Immediate or Cancel (“IOC”) Orders<sup>2</sup>

IOC orders are intended to remove resting interest in the book. For example, submission of IOC orders that are anticipatory in nature (e.g., sent in anticipation that an order may be booked) would not be consistent with this purpose. Use of IOC orders for purposes other than to remove resting interest in the book or excessive use of IOC orders may be considered a violation of the Exchange’s Rules regarding, among others, just and equitable principles of trade.

## 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 Exchange’s Market Regulation Center at [BOXMRC@boxexchange.com](mailto:BOXMRC@boxexchange.com).

---

<sup>1</sup> These obligations are in addition to requirements related to firm quotes, continuous electronic quotes, and initial quote size (as applicable).

<sup>2</sup> Under the Exchange Rules, IOC are referred to as Fill and Kill (“FAK”) orders. An FAK designation can be added to Limit Orders. FAK orders are immediately executed against any existing orders at the specified price or better up to the volume of the FAK order. Any residual volume left after part of the FAK order has traded will be automatically cancelled by the Trading Host. See BOX Rule 7110(e)(ii).