



**BOXX**<sup>SM</sup>  
REGULATION

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Regulatory Circular

RC-2020-27

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**TO: BOX Options Participants**  
**FROM: BOX Regulation**  
**SUBJECT: Adoption of Changes to Minor Rule Violation Plan Adding CAT Reporting Compliance Rules**  
**DATE: July 30, 2020**

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BOXX Exchange ("BOXX" or "Exchange") has adopted changes to its Minor Rule Violation Plan ("MRVP") to make Participants' violations of the Consolidated Audit Trail ("CAT") compliance rules ("CAT Compliance Rules")<sup>1</sup> eligible for disposition with a minor rule violation fine, when warranted.

All Exchange CAT Compliance Rule violations became eligible for disposition under the MRVP by July 28, 2020.<sup>2</sup> As outlined in [RC-2020-26](#), the Exchange, FINRA, and all CAT NMS Plan Participants have entered into an amended plan pursuant to Rule 17d-2 under the Securities Exchange Act of 1934 (the "Rule 17d-2 Plan") and Regulatory Service Agreements ("RSAs") to coordinate regulation of the CAT Compliance Rules.

The changes to the Exchange's MRVP for CAT Compliance Rule violations discussed in this Regulatory Circular are consistent with coordinated regulation under the Rule 17d-2 Plan and the RSAs. A summary of the key changes is as follows.<sup>3</sup>

For failures to comply with the CAT Compliance Rule requirements, the Exchange may impose a minor rule violation fine of up to \$2,500.<sup>4</sup> For more serious violations, formal disciplinary action may be sought. The following factors will help guide BOXX and FINRA in determining the appropriate disposition:

- total number of reports that are not submitted or submitted late;
- the timeframe over which the violations occur;
- whether violations are batched;

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<sup>1</sup> See BOXX Rule 16000 Series (Consolidated Audit Trail Compliance Rule).

<sup>2</sup> See Securities Exchange Act Release No. 34-89233 (July 6, 2020), 85 FR 41638 (July 10, 2020) (SR-BOXX-2020-26).

<sup>3</sup> A full description of the revised rules as compared to the Exchange's former rules, are available in the proposed rule change as filed with the Securities and Exchange Commission, available at [https://lynxstorageaccount.blob.core.windows.net/boxvr/SE\\_resources/SR-BOXX-2020-26.pdf](https://lynxstorageaccount.blob.core.windows.net/boxvr/SE_resources/SR-BOXX-2020-26.pdf). Participants should familiarize themselves with the revised rules.

<sup>4</sup> See BOXX Rule 12140(d)(14) (Imposition of Fines for Minor Rule Violations).

- whether the violations are the result of the actions of one individual or the result of faulty systems or procedures;
- whether the firm has taken remedial measures to correct the violations;
- prior minor rule violations within the past 24 months;
- collateral effects that the failure has on customers; and
- collateral effects that the failure has on the Exchange's ability to perform its regulatory function.<sup>5</sup>

## **Contact**

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

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<sup>5</sup> These factors also are used to inform dispositions for violations of OATS reporting rules. See FINRA Notice to Members 04-19 (March 2004), available at <https://www.finra.org/rules-guidance/notices/04-19>.