



TO: BOX Options Participants
FROM: BOX Exchange LLC
SUBJECT: Changes to Minor Rule Violation Plan
DATE: July 12, 2022

Effective August 1, 2022, BOX Exchange (the "Exchange") will be expanding the list of violations eligible for disposition under the Exchange's Minor Rule Violation Plan ("MRVP") and updating the fine schedules and sanctions applicable to certain violations within the MRVP.¹ A summary of the key changes is as follows:²

The following violations have been incorporated into the MRVP:

- **Exercise Limits** (Rule 3140).³ Violations of Rule 3140 shall be subject to the fines listed below.

Number of Cumulative Offenses* Within Any Rolling 24-Month Period	Sanction
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	\$5,000

- **Lead Market Maker Continuous Quoting** (Rule 8055(c)(1)).⁴ Violations of Rule 8055(c)(1) shall be subject to the fines listed below.

Violations Within One Calendar Year	Sanction
1 st Violation	Letter of Caution
2 nd Violation	\$1,500
3 rd Violation	\$3,000
Subsequent Violations	Formal Disciplinary Action

¹ See BOX Rule 12140 (Imposition of Fines for Minor Rule Violations).

² A full description of the revised rules as compared to the Exchange's former rules, is available in the proposed rule change as filed with the Securities and Exchange Commission, please see [SR-BOX-2022-08, Amendment 1](#). Participants should familiarize themselves with the revised rules.

³ See BOX Rules 3140 and 12140(d)(1).

⁴ See BOX Rules 8055(c)(1) and 12140(d)(6).

- **Maintenance, Retention and Furnishing of Books, Records and Other Information** (Rule 10000).⁵ Violations of Rule 10000 shall be subject to the fines listed below.

Number of Violations Within Any Twenty-Four Month Rolling Period	Sanction
Initial Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Fourth Violation and Thereafter	\$5,000 or Formal Disciplinary Action

- **Anti-Money Laundering Compliance Program** (Rule 10070).⁶ Violations of Rule 10070 shall be subject to the fines listed below.

Number of Violations Within Any Twenty-Four Month Rolling Period	Sanction
Initial Violation	\$1,000
Subsequent Violations	\$2,500

The following fine schedules have been updated within the MRVP:

- **Quotation Parameters** (Rule 8040(a)(7)).⁷ Violations of Rule 8040(a)(7) shall be subject to the fines listed below.

Fine Schedule (Implemented on a one-year rolling basis)	Sanction
1 st Offense	\$1,000
2 nd Offense	\$2,500
3 rd Offense	\$3,500
4 th Offense and Thereafter	Formal Disciplinary Action

- **Locked and Crossed Market Violations** (Rule 15020).⁸ Violations of Rule 15020 shall be subject to the fines listed below.

Number of Violations Within Any Twelve-Month Rolling Period	Sanction
Initial Violation	\$500
Second Violation	\$2,500
Subsequent Violations	\$5,000 or Formal Disciplinary Action

⁵ See BOX Rules 10000 and 12140(d)(10).

⁶ See BOX Rules 10070 and 12140(d)(11).

⁷ See BOX Rules 8040(a)(7) and 12140(d)(5).

⁸ See BOX Rules 15020 and 12140(d)(12).

- **General Responsibilities of Floor Brokers** (Rule 7570).⁹ Violations of Rule 7570 shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$5,000
Subsequent Violations	Formal Disciplinary Action

- **Failure to Properly Record Orders** (7580(e)).¹⁰ Violations of Rule 7580(e) shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violations	Formal Disciplinary Action

- **Trading Conduct and Order & Decorum on the Trading Floor** (Rule 2120(b)-(d)).¹¹ Violations of Rule 2120 shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,000
Third Violation	\$3,500
Subsequent Violations	Formal Disciplinary Action

- **Floor Participant Not Available to Reconcile an Uncompared Trade** (Rule 8530).¹² Violations of Rule 8530 shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$500
Second Violation	\$1,000
Third Violation	\$2,500
Subsequent Violations	Formal Disciplinary Action

⁹ See BOX Rules 7570 and 12140(e)(1).

¹⁰ See BOX Rules 7580(e) and 12140(e)(2).

¹¹ See BOX Rules 2120(b)-(d) and 12140(e)(4).

¹² See BOX Rules 8530 and 12140(e)(6).

- **Floor Participant Communications and Equipment** (Rule 7660).¹³ Violations of Rule 7660 shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$3,500
Subsequent Violations	Formal Disciplinary Action

- **Improper Vocalization of a Trade** (Rule 100(b)(5)).¹⁴ Violations of Rule 100(b)(5) shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$3,500
Subsequent Violations	Formal Disciplinary Action

- **Floor Market Maker Failure to Comply with Quotation Requirements** (Rule 8510(c)(2)).¹⁵ Violations of Rule 8510(c)(2) shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$3,500
Subsequent Violations	Formal Disciplinary Action

- **Floor Market Maker Quote Spread Parameters** (Rule 8510(d)(1)).¹⁶ Violations of Rule 8510(d)(1) shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$3,500
Subsequent Violations	Formal Disciplinary Action

¹³ See BOX Rules 7660 and 12140(e)(7).

¹⁴ See BOX Rules 100(b)(5) and 12140(e)(8).

¹⁵ See BOX Rules 8510(c)(2) and 12140(e)(9).

¹⁶ See BOX Rules 8510(d)(1) and 12140(e)(10).

- **Floor Broker Failure to Honor the Priority of Bids and Offers** (Rule 7610(d)).¹⁷ Violations of Rule 7610(d) shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$1,000
Second Violation	\$2,500
Third Violation	\$5,000
Subsequent Violations	Formal Disciplinary Action

- **Floor Broker Failure to Identify a Broker Dealer Order** (IM-7580-2).¹⁸ Violations of IM-7580-2 shall be subject to the fines listed below.

Number of Violations Within Any Rolling 24-Month Period	Sanction
First Violation	\$500
Second Violation	\$1,500
Third Violation	\$3,000
Subsequent Violations	Formal Disciplinary Action

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.

¹⁷ See BOX Rules 7610(d) and 12140(e)(11).

¹⁸ See IM-7580-2 and BOX Rule 12140(e)(12).