



TO: BOX Options Participants

FROM: BOX Exchange LLC

SUBJECT: Prearranged Trading and Signaling of Imminent Order

DATE: August 1, 2022

BOX Exchange LLC (the "Exchange" or "BOX") is reminding Participants, member organizations, and their associated persons that use of orders or quotes to signal the arrival of an options order or otherwise to coordinate order flow with another market participant may violate Exchange Rules and be deemed conduct inconsistent with just and equitable principles of trade.

The Exchange reviews for among other things, prearranged trading and schemes to artificially maximize internalization of order flow. When appropriate, the Exchange will investigate and pursue disciplinary action.

BOX Rules related to these prohibited practices include, among others:

- Rule 3000 (Just and Equitable Principles of Trade)
- Rule 3010 (Adherence to Law)
- Rule 3090 (Prevention of the Misuse of Material Nonpublic Information)
- IM-7140-1
- IM-7140-2
- IM-7140-3
- IM-7140-4
- IM-7270-5

Participants are encouraged to compete for order executions, but competition must be fair, unbiased, and based on independent arms-length negotiation. Moreover, order routing and quotation generation algorithms must rely on the hallmarks of best execution and arms-length independent pursuit of counterparties to find the best price. Participants must put their best execution and other obligations for the orders entrusted to them above their own pecuniary interests.

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 Circular.

Contact

If you have any questions regarding this information, please contact BOX's Market Regulation Center at boxmrc@boxexchange.com.