



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104288; File No. SR-BOX-2025-31]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend BOX Rule 5030 (Withdrawal of Approval of Underlying Securities) to Adopt an Exception for Opening Transactions by Market Makers to Accommodate Closing Transactions of Other Market Participants
December 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 20, 2025, BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend BOX Rule 5030 (Withdrawal of Approval of Underlying Securities) to adopt an exception for opening transactions by Market Makers to accommodate closing transactions of other market participants. The text of the proposed rule change is available from the principal office of the Exchange, and also on the Exchange’s Internet website at <https://rules.boxexchange.com/rulefilings>.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78a.

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend BOX Rule 5030 (Withdrawal of Approval of Underlying Securities) to adopt an exception for opening transactions by Market Makers to accommodate closing transactions of other market participants. The Exchange believes that this proposed exception, to allow Market Makers to facilitate closing transactions of market participants, would help market participants close positions in classes that will be delisted by the Exchange, which helps to protect investors and the public interest. The Exchange believes that permitting such opening transactions by Market Makers would enhance investor protection and further maintain fair and orderly markets. The Exchange notes that the proposed exception in Rule 5030 is consistent with the listing rules of other options exchanges.³

Background

Generally, Rule 5030 is designed to protect investors and maintain orderly markets by establishing criteria for when an underlying security no longer meets the Exchange's listing standards. Rule 5030 provides a mechanism to withdraw approval for securities that no longer meet the Exchange's listing standards, while allowing for limited exceptions to maintain liquidity.

³ See Cboe Exchange, Inc. ("Cboe") Rule 4.4. (Withdrawal of Approval of Underlying Securities); Miami International Securities Exchange, LLC ("MIAX") Rule 403 (Withdrawal of Approval of Underlying Securities); MIAX PEARL, LLC ("PEARL") Rule 403 (Withdrawal of Approval of Underlying Securities); MIAX Sapphire, LLC ("Sapphire") Rule 403 (Withdrawal of Approval of Underlying Securities); and Nasdaq ISE, LLC ("ISE") Options 4, Section 4 (Withdrawal of Approval of Underlying Securities). See also Securities Exchange Act Release Nos. 48142 (July 9, 2003), 68 FR 42150 (July 16, 2003) (SR-CBOE-2002-36); and 60879 (October 26, 2009), 74 FR 56252 (October 30, 2009) (SR-PHLX-2009-90); and 62216 (June 3, 2010), 75 FR 32977 (June 10, 2010) (SR-ISE-2010-51).

Currently, whenever the Exchange determines that an underlying security previously approved for BOX Transactions⁴ does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and may prohibit any opening purchase transactions in series of options of that class previously opened. Provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange's current approval maintenance requirements regarding number of publicly held shares, number of shareholders, trading volume or market price, the Exchange may, in the interest of maintaining a fair and orderly market or for the protection of investors, determine to continue to open additional series of options contracts of the class covering that underlying security.

Proposal

The Exchange is now proposing to amend Rule 5030 to adopt an exception for certain opening transactions by Market Makers. Specifically, the Exchange is proposing to add language providing that opening transactions by Market Makers executed to accommodate closing transactions of other market participants may be permitted. Under proposed Rule 5030, a Participant that is acting as a Market Maker may enter into an opening transaction in order to facilitate closing transactions of another market participant in option series that are restricted to closing-only transactions. Allowing Market Makers to enter into opening transactions to facilitate closing transactions of other market participants will help market participants close positions in classes that will be delisted by the Exchange, which helps to protect investors and the public interest. The Exchange believes that permitting such opening transactions by Market Makers is consistent with and further supports a Market Maker's duty to maintain fair and orderly markets under Rule 8040. The Exchange also notes, that pursuant to Rule 5030, where

⁴ See BOX Rule 100(a)(8). The term "BOX Transaction" means a transaction involving an options contract that is effected on or through BOX or its facilities or systems.

exceptional circumstances have caused an underlying security not to comply with the Exchange's current approval maintenance requirements, regarding number of publicly held shares or publicly held principal amount, number of shareholders, trading volume or market price, the Exchange, in the interest of maintaining a fair and orderly market or for the protection of investors, may determine to continue to open additional series of option contracts of the class covering that underlying security.⁵

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁶ in general, and Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

In particular, the Exchange believes that the proposal to adopt an exception for opening transactions by Market Makers to accommodate closing transactions of other market participants will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because the proposal to permit Market Makers to enter into opening transactions to facilitate closing transactions of other market participants will help market participants close positions in classes that will be delisted by the Exchange, which helps to protect investors and the public interest. The Exchange believes that permitting such opening transactions by Market Makers further supports fair and orderly markets. Currently, in Rule 5030, whenever the Exchange determines that an

⁵ See Rule 5030.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

underlying security previously approved for BOX Transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and may prohibit any opening purchase transactions in series of options of that class previously opened. Current Rule 5030, also provides, however, that, in certain exceptional circumstances, the Exchange may, in the interest of maintaining a fair and orderly market or for the protection of investors, determine to continue to open additional series of options contracts of the class covering that underlying security. The Exchange believes that the exception proposed herein is consistent with the Act and protects investors and the public interest because permitting Market Makers to submit certain opening transactions will help market participants close positions in classes that will be delisted by the Exchange. The Exchange believes further that permitting such opening transactions by Market Makers is in the interest of all market participants and is consistent with and further supports a Market Maker's duty to maintain fair and orderly markets under Rule 8040. The Exchange does not believe that the proposed rule change will adversely affect the quality of the Exchange's markets or lead to a material decrease in liquidity.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, this proposed change is to conform Rule 5030 to similar provisions in listing rules of other options exchanges.⁸

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition as the proposed changes to Rule 5030 will apply equally to all

⁸ See Cboe Rule 4.4. (Withdrawal of Approval of Underlying Securities); MIAX Rule 403 (Withdrawal of Approval of Underlying Securities); PEARL Rule 403 (Withdrawal of Approval of Underlying Securities); Sapphire Rule 403 (Withdrawal of Approval of Underlying Securities); ISE Options 4, Section 4 (Withdrawal of Approval of Underlying Securities).

Market Makers. Allowing Market Makers to enter into opening transactions to facilitate closing transactions of other market participants will help close positions in classes that will be delisted by the Exchange, which helps to protect investors and the public interest and does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange also does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as, the proposed rule change is consistent with the existing rules of other options exchanges.⁹

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and subparagraph (f)(6) of Rule 19b-4 thereunder.¹³

A proposed rule change filed under Rule 19b-4(f)(6)¹⁴ under the Act does not normally become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-

⁹ Id.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied the pre-filing requirement.

¹⁴ 17 CFR 240.19b-4(f)(6).

4(f)(6)(iii),¹⁵ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the exception to permit Market Makers to facilitate closing transaction of other market participants in classes that will be delisted by the Exchange to be implemented without delay. The Exchange further notes that the proposed change is consistent with the rules of other options exchanges.¹⁶ The Commission does not believe the proposal raises any new or novel regulatory issues. Therefore, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.¹⁷

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

¹⁵ 17 CFR 240.19b-4(f)(6)(iii).

¹⁶ See supra note 8.

¹⁷ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BOX-2025-31 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-BOX-2025-31. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-BOX-2025-31 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Sherry R. Haywood,
Assistant Secretary.

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¹⁸ 17 CFR 200.30-3(a)(12), (59).