

practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed rule changes regarding the manner in which the System treats non-Priority Customer with orders and quotes at the same price for the purposes of the participation entitlement and applies the PMM participation entitlement percentages removes impediments to and perfects the mechanism of a free and open market and national market system by amending Rule 5.32(a)(2)(B) to be consistent with current functionality. The proposed changes are merely a clarification and a correction to inadvertently changed rule text in the Rule intended to more accurately reflect how the System currently works, thereby increasing transparency in the Rule and ultimately benefitting investors. The proposed clarification and correction do not alter any current functionality nor the current participation entitlement percentage structures, which are consistent with pre-migration provisions as previously filed with the Commission, but instead provide clarity to the Rule by more accurately describing the current participation entitlement process.

#### *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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes to Rule 5.32(a)(2)(B) are not competitive in nature but are merely a clarification and correction in the Rule, consistent with existing System functionality and intended to provide clarity to the Rule by more accurately reflecting the current participation entitlement process. DPMS, LMMs and PMMs will continue to receive participation entitlements in the same manner as they do today.

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

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

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

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 Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup> 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 will institute proceedings to determine whether the proposed rule change 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:

##### *Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2021-052 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-CBOE-2021-052. This file

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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 this requirement.

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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2021-052, and should be submitted on or before October 6, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2021-19858 Filed 9-14-21; 8:45 am]

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#### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-92926; File No. SR-BOX-2021-19]

#### **Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Proposed Rule Change Related to BOX Exchange LLC and BOX Holdings Group LLC Ownership Transfer Transactions**

September 9, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August

<sup>13</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>10</sup> *Id.*

27, 2021, BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (the “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 update its ownership schedule and accomplish the following ownership transfer transactions, resulting in changes to the ownership of the Exchange and BOX Holdings Group LLC, an affiliate of the Exchange (“BOX Holdings”): (i) The Exchange proposes to repurchase the ownership interests in the Exchange held by Citigroup Financial Products Inc. (“Citi”) and CSFB Next Fund Inc. (“CSFB”); (ii) BOX Holdings proposes to repurchase the ownership interests in BOX Holdings held by Citi and CSFB; and (iii) Wolverine Holdings, L.P. (“Wolverine”) proposes to purchase an ownership interest in the Exchange from MX US 2, Inc., a wholly-owned subsidiary of TMX Group Limited (“MXUS2”). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s internet website at <http://boxoptions.com>.

### 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 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 is a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. The Exchange’s charter is a Second Amended and Restated Limited Liability Company Agreement, dated as

of May 29, 2020, as amended November 30, 2020 (the “Exchange LLC Agreement”). Each of Citi, CSFB and MXUS2 became a Member<sup>3</sup> of the Exchange on May 10, 2012. Wolverine is not currently a Member of the Exchange.

BOX Holdings is a limited liability company, organized under the laws of the State of Delaware on August 26, 2010. BOX Holdings is the sole owner of BOX Options Market LLC, a facility of the Exchange (“BOX Options”). The BOX Holdings charter is a Second Amended and Restated Limited Liability Company Agreement, dated as of September 13, 2018 (the “Holdings LLC Agreement”). Each of Citi and CSFB became a Member<sup>4</sup> of BOX Holdings on May 10, 2012.

6,445 Economic Units<sup>5</sup> and 8,388 Voting Units<sup>6</sup> represent Citi’s interest in the Exchange, comprising 7.683% of all outstanding Economic Units and 9.999% of all outstanding Voting Units of the Exchange, respectively (the “Citi Exchange Units”). 1,155 Class A Units<sup>7</sup> and 25 Class B Units<sup>8</sup> represent Citi’s interest in BOX Holdings, comprising 7.853% of all outstanding Class A Units and Class B Units (collectively, “Units”) of BOX Holdings (the “Citi Holdings Units” and, together with the Citi Exchange Units, the “Citi Units”). Citi’s voting power with respect to votes of

<sup>3</sup> A “Member” of the Exchange means the current owners of Economic Units and Voting Units of the Exchange and will include any person subsequently admitted to the Exchange as an additional or substitute Member of the Exchange. See Exchange LLC Agreement § 1.1.

<sup>4</sup> A “Member” of BOX Holdings means the current owners of Units of BOX Holdings and will include any Person subsequently admitted to BOX Holdings as an additional or substitute Member of BOX Holdings. See Holdings LLC Agreement § 1.1. Current Members of BOX Holdings are: MXUS2, IB Exchange Corp., Citadel Securities Principal Investments LLC; Citigroup Financial Products Inc., UBS Americas Inc., CSFB Next Fund Inc., JPMC Strategic Investments I Corporation, Wolverine and Aragon Solutions Ltd.

<sup>5</sup> “Economic Units” of the Exchange means equal units of limited liability company interest in the Exchange collectively comprising all interests in the profits and losses of the Exchange and all rights to receive distributions from the Exchange as set forth in the Exchange LLC Agreement. See Exchange LLC Agreement § 2.5(a).

<sup>6</sup> “Voting Units” of the Exchange means equal units of limited liability company interest in the Exchange collectively comprising all voting interests of Members with respect to Exchange matters. See Exchange LLC Agreement § 2.5(b).

<sup>7</sup> “Class A Units” of BOX Holdings means equal units of limited liability company interest in BOX Holdings, including an interest in the ownership and profits and losses of BOX Holdings and the right to receive distributions from BOX Holdings. See Holdings LLC Agreement § 1.1.

<sup>8</sup> “Class B Units” of BOX Holdings are identical to Class A Units except Class B Units include conversion rights, a liquidation preference and class voting rights with respect to those matters. See Holdings LLC Agreement §§ 1.1 and 2.5.

Members of BOX Holdings is 8.13% and Citi’s voting power on the Board of Directors of BOX Holdings is 8.38%.

6,123 Economic Units and 8,388 Voting Units represent CSFB’s interest in the Exchange, comprising 7.299% of all outstanding Economic Units and 9.999% of all outstanding Voting Units of the Exchange, respectively (the “CSFB Exchange Units”). 475 Class A Units represent CSFB’s interest in BOX Holdings, comprising 3.161% of all outstanding Units of BOX Holdings (the “CSFB Holdings Units” and, together with the CSFB Exchange Units, the “CSFB Units”). CSFB’s voting power with respect to votes of Members of BOX Holdings is 3.27% and CSFB’s voting power on the Board of Directors of BOX Holdings is 3.37%.

33,554 Economic Units and 16,777 Voting Units represent MXUS2’s interest in the Exchange, comprising 40% of all outstanding Economic Units and 20% of all outstanding Voting Units of the Exchange, respectively. Wolverine currently does not hold any interest in the Exchange.

The Exchange has agreed with Citi to purchase the Citi Exchange Units. BOX Holdings has agreed with Citi to purchase the Citi Holdings Units. Accordingly, it is proposed that Citi transfer all of the Citi Exchange Units to the Exchange and all of the Citi Holdings Units to BOX Holdings (the “Citi Transfer”).

The Exchange has agreed with CSFB to purchase the CSFB Exchange Units. BOX Holdings has agreed with CSFB to purchase the CSFB Holdings Units. Accordingly, it is proposed that CSFB transfer all of the CSFB Exchange Units to the Exchange and all of the CSFB Holdings Units to BOX Holdings (the “CSFB Transfer”).

Wolverine has agreed with MXUS2 to purchase one (1) Economic Unit in the Exchange from MXUS2. Accordingly, it is proposed that MXUS2 transfer one (1) Economic Unit to Wolverine (the “Wolverine Transfer” and, together with the Citi Transfer and the CSFB Transfer, the “Transfers”). Wolverine is an existing Exchange Facility Participant.<sup>9</sup> At the time of the Wolverine Transfer, Wolverine will become a Member of the Exchange. As a holder of one (1) Economic Unit in the Exchange, Wolverine will also be allocated 2,637 Voting Units as provided in the

<sup>9</sup> “Exchange Facility Participant” means a firm or organization that is registered with the Exchange pursuant to the Exchange Rules for purposes of participating in trading on any Exchange Facility. See Exchange LLC Agreement § 1.1.

Exchange LLC Agreement,<sup>10</sup> comprising 0.002% of all outstanding Economic Units and 5.026% of all outstanding Voting Units of the Exchange, respectively.

Pursuant to the Exchange LLC Agreement, Wolverine will not become a Member of the Exchange unless Wolverine is first accepted and approved as a transferee<sup>11</sup> and admitted as a Member by the affirmative vote of Members holding a majority of the Voting Percentage Interest,<sup>12</sup> Wolverine executes a counterpart of the Exchange LLC Agreement and agrees in writing to assume the obligations of a Member under the Exchange LLC Agreement, and the Board determines the Wolverine Transfer is permitted by the Exchange LLC Agreement.<sup>13</sup> Attached [sic] as Exhibit 5A is a form of Instrument of Accession to be executed by Wolverine prior to closing of the Wolverine Transfer to comply with the foregoing requirements.

After the Citi Transfer, the Citi Units will no longer be outstanding and Citi will have no remaining rights under the Exchange LLC Agreement or the Holdings LLC Agreement. After the CSFB Transfer, the CSFB Units will no longer be outstanding and CSFB will have no remaining rights under the Exchange LLC Agreement or the Holdings LLC Agreement. In connection with the Transfers, the Exchange proposes to amend Schedule A to the Exchange LLC Agreement, in the form of Exhibit 5B to this filing, to reflect the changes in Exchange ownership. No amendment of the Holdings LLC Agreement is proposed.

As provided in Section 7.3(f) of the Exchange LLC Agreement, “no Person, alone or together with any Related Persons, shall own, directly or indirectly, of record or beneficially, an aggregate Economic Percentage

Interest<sup>14</sup> greater than 40% (or 20% if such Person is an Exchange Facility Participant) (the “Economic Ownership Limit”) . . . .” Accordingly, because the total number of outstanding Economic Units of the Exchange are reduced in the Transfers, outstanding Economic Units held by any remaining Members of the Exchange will be cancelled to the extent necessary to ensure compliance with the Economic Ownership Limit.

As provided in Section 7.3(g) of the Exchange LLC Agreement, “no Person, alone or together with any Related Persons, shall own, directly or indirectly, of record or beneficially, an aggregate Voting Percentage Interest of greater than 20% (the “Voting Ownership Limit”) . . . .”<sup>15</sup> Further, Section 7.3(g) of the Exchange LLC Agreement provides that, upon any change in economic ownership, the number of Voting Units held by each Member of the Exchange shall automatically adjust to maintain compliance with the Voting Ownership Limit. Accordingly, because the number of Economic Units held by Members of the Exchange are reduced by the Transfers, the number of outstanding Voting Units of the Exchange will be reduced accordingly and the number of Voting Units held by each of the remaining Members of the Exchange, including Wolverine, will be adjusted to the extent necessary to ensure compliance with the Voting Ownership Limit.

As discussed above, all ownership limits relating to the Exchange will continue to be strictly respected. The Transfer will not result in any Member of the Exchange exceeding its applicable Economic Ownership Limit or Voting Ownership Limit (collectively, its “Ownership Limits”). Prior to the Transfers, some Members of the Exchange already held the maximum ownership percentages allowed under the Exchange LLC Agreement. The ownership percentages held by these Members will remain below the applicable Ownership Limits after giving effect to the Transfers. For other Members of the Exchange, adjustments to ownership percentages resulting from the Transfer will be made to comply

with all Ownership Limits.<sup>16</sup> After giving effect to the Transfers, no Member will hold more than 40% Economic Percentage Interest, no Exchange Facility Participant will hold more than 20% Economic Percentage Interest, and no Member will hold more than 20% Voting Percentage Interest in the Exchange. Upon the closing of the Transfers, each of MXUS2 and IB Exchange Corp. (“IB”) would hold the maximum number of Economic Units permitted under its applicable Economic Ownership Limit and each Member of the Exchange except Wolverine would hold the maximum number of Voting Units permitted under its applicable Voting Ownership Limit.

The composition of the Board of Directors of the Exchange will remain unaffected by the Transfer. The makeup of the Board will still be comprised of at least 20% of Directors who are Participant Directors,<sup>17</sup> a majority of Directors who are Non-industry Directors,<sup>18</sup> and one (1) Director who is also an officer or director of BOX Holdings, if BOX Holdings chooses to exercise its right to appoint such a director.<sup>19</sup>

Section 7.4(e) of the Holdings LLC Agreement provides that BOX Holdings shall provide the SEC with written notice ten (10) days prior to the closing date of any acquisition that results in a Member’s Percentage Interest<sup>20</sup> meeting or crossing the threshold level of 5% or

<sup>16</sup> Any Economic Units held by a Member in excess of its Economic Ownership Limit are cancelled because the existence of such Units is not permitted by the Exchange LLC Agreement. The number and allocation of Voting Units automatically adjust upon any change in ownership of Economic Units pursuant to Exchange LLC Agreement § 7.3(g)(iii).

<sup>17</sup> “Participant Director” means a Director of the Exchange who is an officer, director or employee of an Exchange Facility Participant. See BOX Exchange LLC Bylaws § 1.01.

<sup>18</sup> “Non-industry Director” means a Director of the Exchange who (i) has no material business relationship with the Exchange or any Affiliate of the Exchange, or any Exchange Facility Participant or any Affiliate of any Exchange Facility Participant and is not associated with any broker or dealer as required pursuant to Section 6(b)(3) of the Securities Exchange Act of 1934, as amended or (ii) is not an Industry Representative. “Industry Representative” means an individual who is an officer, director or employee of a broker or dealer or who has been employed in any such capacity at any time within the prior three (3) years, as well as an individual who has, or has had, a consulting or employment relationship with the Exchange, or any Affiliate of the Exchange, at any time within the prior three (3) years. See BOX Exchange LLC Bylaws § 1.01.

<sup>19</sup> See BOX Exchange LLC Bylaws § 4.02.

<sup>20</sup> “Percentage Interest” with respect to a Member of BOX Holdings means the ratio of the number of Units held by the Member to the total of all of the issued Units, expressed as a percentage and determined with respect to each class of Units, whenever applicable. See Holdings LLC Agreement § 1.1.

<sup>10</sup> As discussed below, § 7.3(g) of the Exchange LLC Agreement provides that a Member of the Exchange may hold a different number of Voting Units than Economic Units due to the application of Voting Ownership Limits to other Members.

<sup>11</sup> To be eligible for such approval, the proposed transferee must (x) be of high professional and financial standing, (y) be able to carry out its duties as a Member hereunder, if admitted as such, and (z) be under no regulatory or governmental bar or disqualification. See Exchange LLC Agreement § 7.1(a).

<sup>12</sup> “Voting Percentage Interest” with respect to a Member means the ratio of the number of Voting Units held by the Member, directly or indirectly, of record or beneficially, to the total of all of the issued and outstanding Voting Units held by Members, expressed as a percentage. Voting Units held by a Member that are ineligible to vote shall not be counted in the numerator or the denominator when determining such ratio. See Exchange LLC Agreement § 1.1.

<sup>13</sup> See Exchange LLC Agreement § 7.1(c).

<sup>14</sup> “Economic Percentage Interest” with respect to a Member means the ratio of the number of Economic Units held by the Member, directly or indirectly, of record or beneficially, to the total of all of the issued and outstanding Economic Units held by Members, expressed as a percentage. See Exchange LLC Agreement § 1.1.

<sup>15</sup> Any Member may voluntarily set a lower Voting Ownership Limit for itself at its own discretion. See Exchange LLC Agreement § 7.3(g)(i).

the successive levels of 10% and 15%. Although Citadel Securities Principal Investments LLC (“Citadel”) is not acquiring any additional Units of BOX Holdings in the Transfers, the reduction of the total number of outstanding Units of BOX Holdings in connection with the Transfers will result in a corresponding increase in the Percentage Interest held by Citadel from 13.80% to 15.50% and thereby crossing the 15% level.

The change in Citadel’s Percentage Interest resulting from the Transfers will also increase the voting power of Citadel in BOX Holdings. After giving effect to the Transfers, Citadel’s voting power with respect to votes of Members of BOX Holdings will increase from 14.28% to 16.65% and Citadel’s total voting power on the Board of Directors of BOX Holdings will increase from 14.73% to 16.65%. Citadel currently has the power to appoint one (1) representative to the BOX Holdings Board of Directors<sup>21</sup> and, after giving effect to the Transfers, Citadel will have the power to appoint two (2) Directors of BOX Holdings.<sup>22</sup>

Section 7.4(f) of the Holdings LLC Agreement provides that a rule filing pursuant to Section 19 of the Exchange Act is required with respect to certain transactions that result in the acquisition and holding by a person of an aggregate Percentage Interest in BOX Holdings which meets or crosses the threshold level of 20% or any successive 5% level. Although MXUS2 is not acquiring any additional Units of BOX Holdings in connection with the Transfers, the reduction of the total number of outstanding Units of BOX Holdings in connection with the Transfers will result in a corresponding increase in the Percentage Interest held by MXUS2 from 42.62% to 47.89% and thereby crossing the 45% level. Although IB is not acquiring any additional Units of BOX Holdings in connection with the Transfers, the reduction of the total number of outstanding Units of BOX Holdings in connection with the Transfers will result in a corresponding increase in the Percentage Interest held by IB from 22.69% to 25.50% and thereby crossing the 25% level.

The change in IB’s ownership percentage of Holdings resulting from the Transfers will not affect IB’s voting percentage because, as an Exchange Facility Participant on BOX Options, IB’s allowable voting percentage is limited to 20%, as provided by the Holdings LLC Agreement<sup>23</sup> and will

remain at 19.999%. As a result of this limitation of IB’s voting percentage, the changes resulting from the Transfers will also increase the voting power of MXUS2 in BOX Holdings as IB’s voting power above 19.999% will be reallocated among other Members of BOX Holdings. After giving effect to the Transfers, MXUS2’s voting power with respect to votes of Members of BOX Holdings will increase from 44.10% to 51.43% and MXUS2’s total voting power on the Board of Directors of BOX Holdings will increase from 45.50% to 51.43%, providing MXUS2 the ability to control votes of the Board of Directors of BOX Holdings that require a simple majority vote. MXUS2 currently has the power to appoint three (3) representatives to the BOX Holdings Board of Directors<sup>24</sup> and, after giving effect to the Transfers, MXUS2 will still have the power to appoint the same number of Directors of BOX Holdings.

No other Member of BOX Holdings will have its ownership percentage in BOX Holdings adjusted by more than 1% of the total BOX Holdings ownership as a result of the Transfers.

Section 7.3(e) of the Exchange LLC Agreement provides that the Exchange shall provide the SEC with written notice ten (10) days prior to the closing date of any acquisition that would result in a Member having a Voting Percentage Interest of five percent (5%) or more. Although Wolverine proposes to acquire only one (1) Exchange Economic Unit of the Exchange, the allocation of Exchange Voting Units resulting from the Transfers would result in Wolverine holding 2,637 Exchange Voting Units, representing a 5.03% Voting Percentage Interest and thereby crossing the 5% level.

As discussed above, all Exchange owners are subject to a Voting Ownership Limit of 20%. Although Aragon Solutions Ltd. (“Aragon”) is not acquiring any additional Economic Units of the Exchange in the Transfers, the reallocation of Exchange Voting Units resulting from the Transfers would result in Aragon holding 10,493 Exchange Voting Units, representing 19.999% Voting Percentage Interest, compared with 6.294% prior to the Transfers.

No other Member of the Exchange will have its Economic Percentage Interest or its Voting Percentage Interest in the Exchange adjusted by more than 5% of the total BOX Holdings ownership as a result of the Transfers.

The consideration paid to Citi and CSFB by the Exchange will not materially affect the Exchange’s

capitalization. After payment by the Exchange of the purchase price to each of Citi and CSFB, the Exchange will continue to reserve sufficient assets to operate and fulfill its regulatory responsibilities with respect to itself and BOX Options. The Exchange Board of Directors remains committed to ensuring the Exchange is sufficiently capitalized to meet its obligations. The Exchange and BOX Options continue to be subject to a written Facility Agreement, which provides that the Exchange receives and retains all assets deemed to be necessary for regulatory purposes by the Exchange.<sup>25</sup> Accordingly, payments made to consummate the Transfers will not have a material effect on the Exchange’s ability to carry out its duties and obligations as an SRO.

LabMorgan Corp., a Member of the Exchange, notified the Exchange it has changed its legal name to JPMC Strategic Investments I Corporation. The updated name of this Member is reflected in the amendment to the Exchange LLC Agreement attached [sic] hereto as Exhibit 5B.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>26</sup> in general, and furthers the objectives of Section 6(b)(1),<sup>27</sup> in particular, in that it enables the Exchange to be so organized so as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.

The Exchange believes that the proposed name change and changes in ownership are necessary to accommodate the desires of certain Members to arrange their affairs, including to exit ownership of the Exchange and BOX Holdings. The Exchange believes that this filing furthers the objectives of Section 6(b)(5) of the Act because the proposed rule change would be consistent with and facilitate a governance and regulatory structure that 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

<sup>25</sup> See Securities Exchange Act Release No. 34–66871 (April 27, 2012) 77 FR 26323 (May 3, 2012) (Order granting approval of BOX Exchange).

<sup>26</sup> 15 U.S.C. 78f(b).

<sup>27</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> See Holdings LLC Agreement § 4.1(a)(i).

<sup>22</sup> See Holdings LLC Agreement § 4.1(a)(iii).

<sup>23</sup> See Holdings LLC Agreement § 7.4(h).

<sup>24</sup> See Holdings LLC Agreement § 4.1(a)(iv).

in regulating, clearing, settling, processing information with respect to, and 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. Accordingly, the proposed ownership changes will ensure the continued operation of both the Exchange and BOX Holdings without any detrimental effect on the operations of either the Exchange or its facility.

Further, the Exchange believes the proposed name change and ownership changes are consistent with, and will not interfere with, the self-regulatory obligations of BOX Exchange. The Exchange importantly notes that it is not proposing to amend any of the provisions within the Holdings LLC Agreement or the BOX Exchange LLC Agreement dealing with the availability or protection of information, books and records, undue influence, conflicts of interest, unfair control by an affiliate, and regulatory independence of BOX Exchange.<sup>28</sup> In addition, the ownership changes proposed by the Exchange in this filing are consistent with past ownership and voting levels held by Members of BOX Holdings, MXUS2 has previously held voting power in BOX Holdings in excess of 50%<sup>29</sup> and IB has previously held a Percentage Interest in BOX Holdings greater than 25%.<sup>30</sup> The ability of the Exchange to operate and fulfill its regulatory responsibilities will continue unaffected by this proposal and the Exchange will continue to be able to serve its independent regulatory functions as an SRO after the proposed transactions are consummated.

The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Act<sup>31</sup> in that it is designed to facilitate transactions in securities, 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 regulating, clearing, settling, processing information with respect to, and 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. The Exchange believes these objectives are supported by having active, interested owners of the Exchange. The Exchange further believes accommodating the transfer of ownership interests in the Exchange and its facility between willing buyers and sellers ensures the health and vitality of the Exchange and encourages robust interest in the Exchange's operations, which promotes effective, efficient markets.

#### *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 because the changes proposed are limited to ownership of the Exchange and an affiliate of a facility of the Exchange and do not change the operation of the Exchange or any facility of the Exchange. The proposed rule change is not designed to address any competitive issue or have any impact on competition; rather the proposed rule change lays out the transfer ownership interests.

#### *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**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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:

#### *Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2021-19 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-2021-19. 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2021-19, and should be submitted on or before October 6, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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<sup>28</sup> See Securities Exchange Act Release No. 34-66871 (April 27, 2012) 77 FR 26323 (May 3, 2012) (Order granting approval of BOX Exchange).

<sup>29</sup> See Securities Exchange Act Release No. 74477 (March 11, 2015), 80 FR 13932 (March 17, 2015) (SR-BOX-2015-14).

<sup>30</sup> See Securities Exchange Act Release No. 74403 (March 18, 2016), 81 FR 15772 (March 24, 2016) (SR-BOX-2016-12).

<sup>31</sup> 15 U.S.C. 78f(b)(1).

<sup>32</sup> 17 CFR 200.30-3(a)(12).