

# BOX Options Exchange

## Fee Schedule

October 2014

### Section I. Exchange Fees

	Account Type			
	Public Customer	Professional Customer	Broker Dealer	Market Maker
Auction Transactions <sup>1</sup>				
PIP Order, COPIP Order, or Agency Order <sup>2</sup>	\$0.00	\$0.37	\$0.37	Based on ADV, see Section I B
Improvement Order in PIP or COPIP <sup>3</sup>	\$0.15	\$0.37	\$0.37	\$0.30
Responses in the Solicitation or Facilitation Auction Mechanisms	\$0.15	\$0.37	\$0.37	\$0.30
Primary Improvement Order <sup>4</sup> , Facilitation Order, or Solicitation Order	Based on ADV, see Section I A	Based on ADV, see Section I A	Based on ADV, see Section I A	Based on ADV, see Section I A
Non-Auction Transactions <sup>5</sup>	\$0.07	\$0.42	\$0.42	Based on ADV, see Section I B
Options Surcharge (per contract for options on Mini-NDX® Index (MNX))	\$0.00	\$0.22	\$0.22	\$0.22

<sup>1</sup> Auction Transactions are those transactions executed through Price Improvement Period ("PIP"), the Complex Order Price Improvement Period ("COPIP"), the Solicitation Auction mechanism, and Facilitation Auction mechanism. All COPIP transactions will be charged per contract per leg.

<sup>2</sup> A PIP Order or COPIP Order is a Customer Order (an agency order for the account of either a customer or a broker-dealer) designated for the PIP or COPIP, respectively. An Agency Order is a block-size order that an Order Flow Provider seeks to facilitate as agent through the Facilitation Auction or Solicitation Auction mechanism.

<sup>3</sup> An Improvement Order is a response to a PIP or COPIP auction.

<sup>4</sup> A Primary Improvement Order is the matching contra order submitted to the PIP or COPIP on the opposite side of an agency order.

<sup>5</sup> Excludes Non-Auction Transactions in Select Symbols, see Section I.C.1 (Select Symbols).

**A. Auction Transaction Tiered Fee Schedule for Initiating Participant based upon Monthly Average Daily Volume ("ADV") in Auction Transactions**

A per contract execution fee based upon the tiered fee schedule below will be applied to Primary Improvement Order, Facilitation Order and Solicitation Order executions initiated by the particular Initiating Participant. Each Initiating Participant's monthly ADV will be based on the total contract quantity submitted in these Orders and will be calculated at the end of each month.<sup>6</sup>

<b>Initiating Participant Monthly ADV in Auction Transactions</b>	<b>Per Contract Fee (All Account Types)</b>
100,001 contracts and greater	\$0.03
40,001 contracts to 100,000 contracts	\$0.07
20,001 contracts to 40,000 contracts	\$0.12
10,001 contracts to 20,000 contracts	\$0.20
1 contract to 10,000 contracts	\$0.25

**B. Tiered Fee Schedule for Market Makers based upon Monthly Average Daily Volume**

Market Makers will be assessed a per contract execution fee based on ADV considering all transactions executed on BOX as calculated at the end of each month.<sup>7</sup> All executions for that month will be charged the same per contract fee according to the ADV achieved by the Market Maker, according to the table below.

<b>Market Maker Monthly ADV</b>	<b>Per Contract Fee</b>
150,001 contracts and greater	\$0.13
100,001 contracts to 150,000 contracts	\$0.16
50,001 contracts to 100,000 contracts	\$0.18
10,001 contracts to 50,000 contracts	\$0.25
5,001 contracts to 10,000 contracts	\$0.30
1 contract to 5,000 contracts	\$0.35

**C. Select Symbols**

The symbols below are considered Select Symbols for purposes of the Fee Schedule:

<b>Penny Classes</b>	<b>Non-Penny Classes</b>				
SPY	GPRO	RAD	VHC	PANW	HRB
AAPL	GTAT	MBLY	MPEL	NUGT	QEP
IWM	PCLN	CBS	SVXY	JD	OREX
YHOO	FEYE	SPLS	INVN	DG	SWKS
QQQ	GOOGL	RSX	ABBV	ESV	GLNG
EEM	HYG	QIHU	UA	RAX	IRM
BAC	SDRL	AVNR	LOCO	YELP	KERX
VXX	VNET	OIH	CMG	ACHN	SNSS
FB	GOOG	EPI	AZN	NPSP	KNDI
TWTR	HTZ	END	KORS	SPLK	GDP

<sup>6</sup> For purposes of calculating monthly ADV, BOX will count as a half day any day that the market closes early for a holiday observance.

<sup>7</sup> For purposes of calculating monthly ADV, BOX will count as a half day any day that the market closes early for a holiday observance.

## 1. Non-Auction Transactions in Select Symbols

Non-Auction Transactions in Select Symbols will be assessed a per contract fee (or credit) based upon two factors (i) the account type of the Participant submitting the order and if the Participant is a liquidity provider or liquidity taker; and (ii) the account type of the contra party and if the contra party is a liquidity provider or liquidity taker.<sup>8</sup>

Account Type	Contra Party	Penny Pilot Classes		Non-Penny Pilot Classes	
		Maker Fee/Credit	Taker Fee/Credit	Maker Fee/Credit	Taker Fee/Credit
Public Customer	Public Customer	\$0.00	\$0.00	\$0.00	\$0.00
	Professional Customer/ Broker Dealer	(\$0.22)	(\$0.22)	(\$0.57)	(\$0.57)
	Market Maker	(\$0.22)	(\$0.22)	(\$0.57)	(\$0.57)
Professional Customer or Broker Dealer	Public Customer	\$0.55	\$0.59	\$0.90	\$0.94
	Professional Customer/ Broker Dealer	\$0.20	\$0.35	\$0.30	\$0.35
	Market Maker	\$0.20	\$0.39	\$0.30	\$0.39
Market Maker	Public Customer	\$0.51	\$0.55	\$0.85	\$0.90
	Professional Customer/ Broker Dealer	\$0.00	\$0.05	\$0.00	\$0.10
	Market Maker	\$0.10	\$0.29	\$0.10	\$0.29

## 2. Tiered Volume Rebate for Non-Auction Transactions in Select Symbols

Market Makers and Public Customers will receive a per contract rebate based on ADV considering all transactions executed on BOX by the Market Maker or Public Customer, respectively, as calculated at the end of each month. All Non-Auction Transactions in Select Symbols for that month will receive the same per contract rebate according to the ADV achieved by the Market Maker or Public Customer, as provided in the respectively tables below:

<sup>8</sup> Non-auction transactions in Select Symbols will now be exempt from the Liquidity Fees and Credits outlined in Section II of the BOX Fee Schedule.

<b>Market Maker Monthly ADV</b>	<b>Per Contract Rebate</b>
100,001 contracts and greater	(\$0.15)
60,001 contracts to 100,000 contracts	(\$0.10)
35,001 contracts to 60,000 contracts	(\$0.07)
10,001 contracts to 35,000 contracts	(\$0.03)
1 contract to 10,000 contracts	\$0.00

<b>Public Customer Monthly ADV</b>	<b>Per Contract Rebate</b>
35,001 contracts and greater	(\$0.10)
15,001 contracts to 35,000 contracts	(\$0.06)
5,001 contracts to 15,000 contracts	(\$0.03)
1 contract to 5,000 contracts	\$0.00

#### **D. Mini Options**

Transactions which occur in option contracts overlying 10 shares of a security ("Mini Options") will be assessed 1/10<sup>th</sup> of the applicable standard contract Exchange Fee.

#### **E. BOX Volume Rebate**

A per contract rebate based upon the tiered schedule below will be applied to all PIP Orders and COPIP Orders of 250 and under contracts. All PIP and COPIP Orders will be awarded the contract rebate according to the Participant's monthly ADV in PIP and COPIP transactions submitted to the Exchange.<sup>9</sup>

<b>Monthly ADV in PIP and COPIP Transactions</b>	<b>Per Contract Rebate (All Account Types)</b>	
	<b><i>PIP</i></b>	<b><i>COPIP</i></b>
100,001 contracts and greater	(\$0.17)	(\$0.08)
40,001 contracts to 100,000 contracts	(\$0.14)	(\$0.06)
20,001 contracts to 40,000 contracts	(\$0.07)	(\$0.04)
1 contract to 20,000 contracts	(\$0.00)	(\$0.00)

<sup>9</sup> ADV will be calculated at the end of each month. For purposes of calculating monthly ADV, BOX will count as a half day any day that the market closes early for a holiday observance.

## Section II. Liquidity Fees and Credits

Liquidity fees and credits shall apply to all classes on BOX (unless explicitly stated otherwise) and shall be applied in addition to any applicable exchange transaction fees as described above in Section I of this Fee Schedule.

All orders that add liquidity to the BOX Book will be charged a transaction fee upon execution. Any order, including an order with a Fill and Kill designation, which executes against an order that is being exposed before being placed on the BOX Book, will be considered to add liquidity.

Any order, including an order with a Fill and Kill designation, which removes liquidity by trading immediately upon entry to the BOX Book or following its exposure as part of NBBO filtering, will receive a credit as described below.

### A. PIP and COPIP Transactions

- PIP and COPIP Transactions are subject to the fees and credits of this Section II A, according to the following table, and shall be applied in addition to any applicable exchange fees as described in Section I of this Fee Schedule.
- PIP and COPIP Orders shall receive the "removal" credit and Improvement Orders will be charged the "add" fee. An Unrelated Order that is not immediately marketable will be charged as an Improvement Order when it executes against a PIP Order or a COPIP Order.

<b>PIP and COPIP Transactions</b>	<b>Fee for Adding Liquidity (All Account Types)</b>	<b>Credit for Removing Liquidity (All Account Types)</b>
Non-Penny Pilot Classes	\$0.75	(\$0.75)
Penny Pilot Classes	\$0.35	(\$0.35)

### B. Facilitation and Solicitation Transactions

- Transactions within the Facilitation and Solicitation Auction mechanisms are subject to the fees and credits of this Section II B, according to the following table, and shall be applied in addition to any applicable exchange fees as described in Section I of this Fee Schedule.
- Agency Orders submitted to the Facilitation and Solicitation mechanisms shall receive the "removal" credit. Responses executed in these mechanisms shall be charged the "add" fee.

<b>Facilitation and Solicitation Transactions</b>	<b>Fee for Adding Liquidity (All Account Types)</b>	<b>Credit for Removing Liquidity (All Account Types)</b>
All Classes	\$0.30	(\$0.30)

### C. Non-Auction Transactions

<b>Non-Auction Transactions</b>	<b>Fee for Adding Liquidity (All Account Types)</b>	<b>Credit for Removing Liquidity (All Account Types)</b>
Non-Penny Pilot Classes	\$0.75	(\$0.75)
Penny Pilot Classes	\$0.30	(\$0.30)

- When a non-immediately marketable order executes against a PIP Order or a COPIP Order, therefore becoming an Unrelated Order,<sup>10</sup> it shall be charged as an Improvement Order.<sup>11</sup>

### D. Exempt Transactions

The Exempt transactions listed below, deemed to neither “add” or “remove” liquidity, will be subject only to the applicable transaction fees described above in Section I of this Fee Schedule. Transactions in Mini Options and Non-Auction Transactions in Select Symbols will also be considered exempt from all liquidity fees and credits.

- 1) Transactions which occur on the opening or re-opening of trading; and
- 2) Outbound Eligible Orders routed to an Away Exchange as defined in Rule 15000 Series.

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<sup>10</sup> For the PIP, an Unrelated Order is a non-Improvement Order entered into the BOX market during a PIP. For the COPIP, an Unrelated Order is a non-Improvement Order entered on BOX during a COPIP or BOX Book Interest during a COPIP. BOX Book Interest, by definition, is not immediately marketable.

<sup>11</sup> These Unrelated Orders will continue to be charged as Non-Auction transactions for purposes of assessing Exchange Fees under Section I of the BOX Fee Schedule.

### Section III. Complex Order Transaction Fees

The transaction fees (credits) set forth in this Section III.A and B will be applied to executions of Complex Orders, with the exception of COPIP transactions which will be subject to Sections I (Exchange Fees) and II (Liquidity Fees and Credits).

All Complex Order and COPIP transactions will be charged per contract per leg.

All Complex Order executions for Mini Options will be assessed 1/10<sup>th</sup> of the applicable Complex Order transaction fee.

All Complex Order transactions will count toward a Market Maker's monthly ADV in Section I.B.

#### A. Complex Orders Executed Against Orders on the BOX Book

A fee (credit) per contract will apply to each Complex Order executed against an order on the BOX Book based upon the account type of the Participant submitting the Complex Order as follows:

Account Type	All Classes
Public Customer	(\$0.35)
Professional Customer and Broker Dealer	\$0.45
Market Maker	\$0.40

#### B. Complex Orders Executed Against Other Complex Orders

A fee (credit) per contract will apply to each Complex Order executed against another Complex Order based upon (i) the account type of the Participant submitting the Complex Order and (ii) the account type of the contra party as follows:

Account Type	Contra Party	Penny Pilot Classes	Non-Penny Pilot Classes
Public Customer	Public Customer	\$0.00	\$0.00
	Professional Customer/ Broker Dealer/Market Maker	(\$0.35)	(\$0.70)
Professional Customer	Public Customer	\$0.45	\$0.80
	Professional Customer/ Broker Dealer/Market Maker	\$0.20	\$0.40
Broker Dealer	Public Customer	\$0.45	\$0.80
	Professional Customer/ Broker Dealer/Market Maker	\$0.20	\$0.40
Market Maker	Public Customer	\$0.40	\$0.75
	Professional Customer/ Broker Dealer/Market Maker	\$0.10	\$0.20

### C. Orders on BOX Book Executed Against Complex Orders

Each order on the BOX Book executed against a Complex Order will be treated as a standard order for purposes of the Fee Schedule and subject to Sections I (Exchange Fees) and II (Liquidity Fees and Credits).

## Section IV. Eligible Orders Routed to an Away Exchange

\$0.50 per contract for customer accounts except, no charge for non-Professional, Public Customer Directed Orders when:

- A. Less than 45% of a Participants' monthly executions for such orders are routed to and executed at an Away Exchange and
- B. 33% or more of a Participants' monthly executions for such orders occur through the PIP.

## Section V. Technology Fees

### A. Connectivity Fees

Market participants are required to connect to the BOX network (including cross-connects)<sup>12</sup> through datacenters owned and operated by third-party vendors. While BOX does not assess connectivity fees; fees are assessed by the datacenters and will be billed directly to the market participant. Connectivity fees can include one-time set-up fees, monthly charges, and other fees charged by the third-party vendor in exchange for the services provided to the market participant.

There are currently two datacenters where market participants can connect to the BOX network: NY4, owned and operated by Equinix; and 65 Broadway, owned and operated by 365 Main. The connectivity fees associated with these locations are listed below:

	NY4		65 Broadway	
<i>Connection Type</i>	One-time set-up	Monthly	One-time set-up	Monthly
POTS	\$100	\$25	\$50	\$25
Ethernet	N/A	N/A	\$250	\$225
T1	\$500	\$100	N/A	N/A
Cat 5/6	\$500	\$245	\$250	\$225
COAX	\$500	\$245	\$250	\$200
Single & Multi Mode Fiber	\$500	\$350	\$325	\$500
Extended Cross Connect	\$850	\$1000	N/A	N/A

<sup>12</sup> A "cross connect" occurs when the affected third-party system is located at the same datacenter where BOX systems are located, and the third-party connects to BOX through the datacenter.



## Section VI. Regulatory Fees

### A. Options Regulatory Fee<sup>13</sup>

\$0.0030 per contract.

### B. FINRA Fees

Fees assessed by FINRA in connection with participation in Web CRD:

- 1) FINRA CRD Processing Fee: \$100.00
- 2) FINRA Disclosure Processing Fee: \$110.00
- 3) FINRA Annual System Processing Fee: \$45.00
- 4) Fingerprinting Fees – vary depending on the submission:

	Electronic	Non-electronic
a) First card submission:	\$29.50	\$44.50
b) Second card submission:	\$15.00	\$30.00
c) Third card submission:	\$29.50	\$44.50

- d) Processing fingerprint results where the member had prints processed through a self-regulatory organization other than FINRA: \$30.00.

### C. Registration and Continuing Education Fees

- 1) Series 56 Exam<sup>14</sup>: \$195.00
- 2) S501 Continuing Education<sup>15</sup>: \$60.00 per session

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<sup>13</sup> The Options Regulatory Fee will be assessed to each BOX Options Participant for all options transactions executed or cleared by the BOX Options Participant that are cleared by The Options Clearing Corporation (OCC) in the customer range regardless of the exchange on which the transaction occurs. Market Makers and Order Flow Providers will not be assessed the Fee until the firm has become a fully certified BOX Market Maker or Order Flow Provider, that has met and has satisfied certain minimum technological requirements necessary to be capable of commencing participation on BOX. The Options Regulatory Fee is collected indirectly from BOX Options Participants through their clearing firms by OCC on behalf of BOX. The Exchange may only increase or decrease the Options Regulatory Fee semi-annually and any such fee change will be effective on the first business day of February or August. The Exchange will notify BOX Options Participants via Informational Circular of any change in the amount of the fee at least 30 calendar days prior to the effective date of the change.

<sup>14</sup> The fee for the Series 56 exam is paid directly to FINRA.

<sup>15</sup> The S501 Continuing Education fee will be assessed to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to BOX Rule 2040 and is paid directly to FINRA.