

March 27, 2019

Vanessa Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

BOX Connectivity and HSVF Port Fees Filings, File Nos. SR-BOX-2018-24, SR-BOX-2018-37, SR-BOX-2019-04

Dear Ms. Countryman:

I appreciate the opportunity to provide further information on the BOX Exchange's proposed rule changes to amend the fee schedule for the BOX Market LLC ("BOX") options facility. I am submitting this letter to correct factual inaccuracies in the comment letter submitted by BOX on March 25, 2019.

I am the former owner of a company called R2G Services, LLC ("R2G"). R2G was a managed services provider and market data redistributor from March 2010 thru December 2018. R2G had two relationships with BOX:

1. R2G had executed a Market Data Distribution Agreement with BOX on May 14, 2013. We paid \$750/month for the right to be a BOX Market Data External Distributor. That cost increased to \$1500/month in February 2018. Though we weren't happy about a 100% price increase, we remained a BOX customer.
2. R2G had a Connectivity Agreement with BOX since April 19, 2015. That agreement provided two physical 10 Gb connections to the BOX exchange. BOX did not charge for those connections. We did however have to pay over \$600/month to the data center for the cross connects into the BOX exchange.

On **August 8, 2018**; we received an e-mail from BOX containing an invoice for the July 2018 billing period. Included in that e-mail was an Information Circular (IC-2018-15) with the Subject = "July Technology Fee Changes." That Memo is dated July 9, 2018 and it states "*BOX Participants connected as of the last trading day of each calendar month will be charged the applicable Connectivity Fee for that month.*" To put this in its proper context, we received an e-mail on August 8th containing a memo attachment dated July 9th (one month prior) stating that if we didn't cancel a service by July 31st (9 days in the past); that we would retroactively be charged \$10,000 for the July 2018 billing period.

BOX suggests that nobody complained about this fee increase. That is false. The following timeline provides some correspondence between R2G and BOX:

1. **August 18, 2018. 8:25 PM.** I reply to the August 8th BOX e-mail with the following response: "*Are you kidding me? You send a July invoice out on August 8th with a retro amount of \$10,000 due in July? I can assure you I will not be paying this. We will most likely be looking to terminate services with your exchange. You guys have a lot of audacity for an exchange with 2.59% market share.*" I think any reasonable reader would consider this e-mail to be complaining in nature.
2. **October 5, 2018. 1:47 PM.** BOX sends an email telling us we have a balance due for these disputed charges.

3. **October 8, 2018. 3:54 PM.** I reply to the October 5th e-mail and I include the original August 8th e-mail from BOX and my August 18th response e-mail. In this e-mail, I relayed that R2G would not be paying any connectivity fees. I refer BOX to Release No. 34-84168; File No. SR-BOX-2018-24 dated September 17, 2018 which I believed to be a suspension of any fee increase.
4. **October 10, 2018. 9:37 AM.** A BOX Senior Vice President replies to my e-mail stating that R2G is still responsible for connectivity fees. Instructions on terminating connectivity to BOX are provided.
5. **October 10, 2018. 9:50 AM.** I reply to BOX: "*For avoidance of all doubt R2G is no longer a BOX customer. Everything has been and is terminated. Our client <name redacted> will also be terminating their services.*"
6. **December 13, 2018. 11:07 AM.** I send BOX an e-mail stating: "*R2G does not feel that it should be forced to pay \$10,000/month for these cross connects. As a result of your actions, we terminated becoming a vendor of record for the HSVF feed. At the same time, our mutual customer <name redacted> also cancelled the feed.*"

As you can see from the dates provided, R2G was a customer of the BOX exchange for almost 6 years. During that time, we withstood a 100% price increase in market data fees. When BOX instituted a \$10,000/month price increase for connectivity; we had no choice but to terminate connectivity into them as well as terminate our market data relationship. The cost benefit analysis just didn't make any sense for us at those new price levels. At that same time, a mutual customer of R2G and BOX also terminated their relationship with BOX for the same reasons.

In the BOX response letter dated March 25, 2019; BOX states "*In reality, no Participant subject to the new fees for connecting to BOX's network has complained to the Exchange about the fees either formally or informally, and no challenges to those fees have been initiated with the Exchange.*" The facts and timelines I presented above clearly contradict this statement.

I find BOX's selective use of the word "Participant" concerning. First, the Healthy Markets comment letter dated March 19, 2019 never used the word "Participant." They used the words "*...we understand that at least one of BOX's customers has expressed frustration, and has challenged the imposition of the repeatedly suspended fees.*" I have no insight into whom Healthy Markets is referring to in their letter. All I see is the term "*...at least one of BOX's customers.*" Second, in every other instance where BOX wrote the word "Participants" in the body of their letter or in a footnote; they followed that word with "and Non-Participants." The only time they excluded the "and Non-Participants" wording was in their direct counter to the Healthy Markets claim.

Participants and Non-Participants are capitalized so I assume that BOX considers these to be defined terms. Neither of these terms exist in any Market Data or Connectivity Agreements that R2G entered into so those terms do not appear to have been applicable to R2G. I can only assume that BOX considers Participant to mean broker-dealer member of the exchange. If so, R2G would have been considered a non-Participant. By carefully crafting their wording to include the word "Participant" while excluding the words "and Non-Participants;" BOX appears to be presenting a storyline that suggests nobody complained. That statement is at best disingenuous and at worst, a blatant lie.

As to the second comment in the BOX response letter dated March 25, 2019; I do find the timing of BOX changing the procedures through which customers may dispute its fees concerning as well. R2G had a relationship with every single North American stock, option, and futures exchange. Over the years, each exchange would file rule changes. If I could generically categorize BOX relative to other exchanges, I

would have put them in the “quiet” end of the spectrum with respect to new rule filings. BOX appears to have recently become “less quiet” by submitting connectivity fee increases followed by fee dispute procedural changes. The fact that the fee dispute procedural changes came soon after they introduced an egregious fee increase, while R2G was disputing these fees, seems a bit too coincidental. Suggesting that the two might be related doesn’t seem to be a stretch.

I will echo SIFMA’s comments that the Commission suspend the rule change by BOX. I agree with their statement that BOX has not provided necessary information showing how the proposed connectivity fees comply with the Exchange Act. I will further echo Healthy Markets comments that the Commission take immediate and decisive action to protect the investing public.

I am not a legal professional. I lack the resources that SIFMA, Healthy Markets, and BOX possess. What I have is 29 years of experience in the financial markets where I have been an exchange member on multiple exchanges around the world, an options market maker, a stock trader, a futures trader, a business owner, a broker, and a managed services provider. I have paid enough in exchange connectivity and market data fees over the years to make me an expert on these topics. I have never read the Exchange Act; but I have to think that egregious connectivity fee increases, questionable fee dispute procedural changes, and false or misleading statements to the Commission are not consistent with the Act.

Thank you for the opportunity to express my comments. I am happy to answer any questions you may have or provide any additional information you may need including copies of the above referenced e-mails between R2G and BOX.

Sincerely,

A handwritten signature in black ink, appearing to read "Stefano Durdic". The signature is fluid and cursive, with the first name "Stefano" written in a larger, more prominent script than the last name "Durdic".

Stefano Durdic