



June 23, 2020

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE., Washington, DC 20549

**Re: Notice of Filing of Proposed Rule Change to Adopt Rules Governing the Trading of Equity Securities on the Exchange Through a Facility of the Exchange Known as the Boston Security Token Exchange LLC (File No. SR-BOX-2020-14)**

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the above-referenced proposed rule change filed by BOX Exchange LLC (“BOX” or “Exchange”) with the Securities and Exchange Commission (“Commission”) under Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”). In the filing, BOX is proposing to adopt rules governing the listing and trading of a new type of equity security on a facility of the exchange known as the Boston Security Token Exchange LLC (“BSTX”).<sup>2</sup>

SIFMA notes that this filing, File No. SR-BOX-2020-14 (“BSTX 2”), appears to be identical to Amendment No. 2 to File No. SR-BOX-2019-19 (“BSTX 1”).<sup>3</sup> SIFMA further notes that BOX withdrew BSTX 1 on May 12, 2020 after a lengthy review period by the Commission and before the June 14, 2020 date by which the Commission was to determine whether to approve or disapprove the filing.<sup>4</sup>

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> See Exchange Act Release No. 88946 (May 26, 2020), 85 FR 33454 (June 1, 2020) (File No. SR-BOX-2020-14).

<sup>3</sup> See Exchange Act Release No. 88300 (February 28, 2020), 85 FR 13242 (March 6, 2020) (File No. SR-BOX-2019-19).

<sup>4</sup> See Exchange Act Release No. 89018 (June 4, 2020), 85 FR 35458 (June 10, 2020) (File No. SR-BOX-2019-19).

As BSTX 2 appears to be identical to BSTX 1, SIFMA’s April 22, 2020 comment letter (“April Comment Letter”) on BSTX 1, as well as the other comment letters submitted on that filing, continue to apply to BSTX 2. SIFMA notes that while BOX responded to SIFMA’s April Comment Letter, SIFMA believes that the Exchange did not adequately address the points raised in our comment letter. For instance, BOX does not address why an equity security that does not settle on a regular way basis (i.e., T+2) should qualify for Regulation NMS.<sup>5</sup> In responding to SIFMA’s comment in this regard, BOX notes that parties to a stock trade have long had the ability to agree to a shorter settlement cycle than T+2 under Rule 15c6-1 and have done so. BOX’s comment completely misses the point, as SIFMA is not disputing this but rather pointing out that trade-through protection under Regulation NMS applies to orders in stocks that settle on a regular way basis, which the BSTX security tokens do not. In other words, it is unclear as to why the security tokens should be covered by Regulation NMS as they do not seem to qualify for trade-through protection under the regulation. Similarly, BOX does not address at all the burdens and risks firms would face to create one-off systems to handle the T+1 settlement that is mandated by BSTX rules and the ancillary recordkeeping that is required to track ownership. Accordingly, SIFMA is again providing those comments on BSTX 2 and is providing for reference the following link to those comments (<https://www.sec.gov/comments/sr-box-2019-19/srbox201919-7105488-215831.pdf>).

Accordingly, SIFMA does not believe that the Commission should approve BSTX 2 for the reasons described in our April Comment Letter (and further noted above) as well as the reasons described by other comment letters on BSTX 1.

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<sup>5</sup> In the release adopting Regulation NMS, the Commission states that “[r]egular way” refers to bids, offers, and transactions that embody the standard terms and conditions of a market,” and that “this exception applies to a transaction that was executed other than pursuant to standardized terms and conditions, for instance a transaction that has extended settlement terms.” The Commission is clearly contemplating in this description of “regular way” that transactions that do not settle on the standard terms of the market, such as transactions with a longer or shorter settlement cycle than the standard settlement cycle, are not regular way transactions. See Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37495 (June 29, 2005).

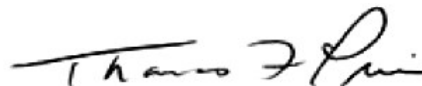
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SIFMA greatly appreciates the Commission's consideration of the issues raised above and would be pleased to discuss these comments in greater detail. If you have any questions or need any additional information, please contact Ellen Greene [REDACTED] or Thomas Price [REDACTED].

Sincerely,



Ellen Greene  
Managing Director  
Equities & Options Market Structure



Thomas F. Price  
Managing Director  
Operations, Technology, Cyber & BCP

cc: The Honorable Jay Clayton, Chairman  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Elad L. Roisman, Commissioner  
The Honorable Allison Herren Lee, Commissioner

Brett Redfearn, Director, Division of Trading and Markets