



INFORMATIONAL CIRCULAR IC-2010-005

TO: BOX Options Participants
FROM: BOX Market Operations Center
SUBJECT: New Order Duration Type - Session Order
DATE: September 23, 2010

BOX has amended its trading rules to create an additional order duration type, the "Session Order," that will give Options Participants greater control over the circumstances in which their orders are cancelled or executed.¹ Specifically, the Session Order designation will offer protection to Options Participants' orders in the event that they lose communication with the BOX Trading Host due to a loss of connectivity between their system and BOX, or when there is a disconnection between internal BOX components. The new order duration type Session Order will be effective October 13, 2010. The procedures surrounding the Session Order will be as follows:

Designation:

Options Participants will be able to designate Session Orders on an order by order basis. The Session Order duration type is not available for PIP Orders, Primary Improvement Orders or Improvement Orders entered during the PIP auction.

Triggering Event:

Session Orders will remain active in the BOX trading system until an Options Participant has lost its ability to either directly modify or cancel the order due to one of the following events ("Triggering Event"):

- The connection between the Options Participant and BOX that was used to enter the order is interrupted;
- There is a disconnection between internal BOX components used to process orders, causing a component to lose its connection to the Options Participant or the Trading Host while in possession of the Session Order;
- A component of the Trading Host experiences a system error in which it is unable to process open orders while in possession of the Session Order.

Orders Affected:

Any Triggering Event is connection or component specific. Therefore, when a particular external connection between BOX and the Options Participant is interrupted, only those Session Orders that came through the interrupted connection will be automatically cancelled by BOX. Similarly, when the Triggering Event is a disconnection between internal BOX components, the BOX trading system will only automatically cancel Session Orders related to the component that is not "responding". The cancellation of the Session Orders from an affected connection will neither impact nor determine the treatment of the orders of the same or other Options Participants entered into the Trading Host via a separate and distinct connection.

¹ See File No. SR-BX-2010-065, filed on September 13, 2010 by NASDAQ OMX BX



Exceptions:

A Session Order will not be cancelled and shall remain active in the BOX Market if the order is not allowed to be cancelled pursuant to another BOX Rule or it is in one of the following BOX trading system processes when a Triggering Event occurs:

- The order is being exposed to the BOX Market pursuant to the NBBO trade-through filter process;
- The order is a Directed Order to which the Executing Options Participant has not yet responded;
- The order has been routed to an away exchange pursuant to the BOX Routing Rules.

In addition, if BOX must use the disabling firm or trader function, or must change the trading privileges settings for an Options Participant, or a connection is disabled with the MOM Gateway, the Session Orders will not be automatically cancelled.

Notice:

When a Session Order is automatically cancelled, BOX will immediately generate a cancellation message to notify the Options Participant that its order is no longer active. After the Session Order(s) are automatically cancelled for an Options Participant that lost its connection to BOX, and upon a reconnection between the Options Participant and the Trading Host on the same trading day, the Options Participant will be able to retrieve any Session Order cancellation notices when it reconnects.

The process may be modified to comply with evolving rules and requirements and as such, BOX Rules and related regulatory notices should be reviewed to ensure accurate information regarding BOX Session Order requirements and procedures.

Please review this information with your compliance department. If you have any questions regarding this information, please contact the BOX Market Operations Center at (866) 768-8845 or boxmoc@bostonoptions.com.