| Informational Circular | IC-2016-02 |

TO: **BOX Options Participants**
FROM: **BOX Market Operations Center**
SUBJECT **BOX Pre-Trade Controls**
DATE: **February 24, 2016**

On **Monday, February 29th, 2016** BOX Options Exchange ("BOX" or "the Exchange") will introduce three Pre-Trade Risk Control features. They are:

- Drill-Through Protection for Trades
- Price Protection at the Opening
- Enhanced Price Protection during Continuous Trading

Drill-Through Protection

The Drill-Through Protection feature is designed to prevent the market from moving beyond set thresholds. For a complete description of this protection please see SR-BOX-2016-03.

Participant may specify thresholds on an underlying security basis or provide global thresholds which will be the same for all classes. The Exchange will also set default thresholds for each underlying security.

When the Drill-Through Protection is triggered, the following information is sent to Participants:

SERVICE	ORDER/QUOTE	INFORMATION
SAIL	Order	**Message type** 'NZ: Order Cancellation Notice', **Field** 'Status', **Value** 'E: The order has been eliminated by the trading system'
SAIL	Quote	**Message type** 'NP: Cancellation of All Quotes Notice', **Field** 'Quote Cancel Reason', **Value** 'S: Cancelled by the System'
FIX	Order	**Message Type** '8: Execution Report', **Field** '39-OrderStatus', **Value** 'F: Order eliminated due to an invalid out of limits price'

Price Protection at the Opening

The Price Protection at the Opening feature is designed to prevent orders and quotes on the opening from trading at prices that are substantially away from the best available prices on other exchanges. For a complete description of this protection please see SR-BOX-2016-04.

Information sent to Participants when an order or quote is rejected due to this Protection is the same as the existing Order Entry Price Protection. For more information please refer the Technical Details section of IC-2103-001.

BOX will gradually launch the names protected by this feature. On Monday, February 29th, Price Protection at the Opening will only be available on the following names:

UNDERLYING SYMBOL			
BGCP	FUEL	KMI	SAM
COLM	HAIN	MBLY	SNOW
EDAP	INFI	OUT	STMP
ELLI	KCG	RRGB	TRXC

Additional names will be added in the following days.

Enhanced Price Protection during Continuous Trading

The Enhanced Price Protection during Continuous Trading expands protections to Participants submitting orders and quotes to the Exchange. Specifically, the feature (i) expands price protection to cover quotes, (ii) allows Participants to provide their own parameters, and (iii) makes these price protections mandatory. For a complete description of this protection please see SR-BOX-2016-05.

Information sent to Participants when an order or quote is rejected due to this Protection is the same as the existing Order Entry Price Protection. For more information please refer the Technical Details section of IC-2103-001.

Testing

Participants interested in testing these new features may do so in the BOX test environment.

Contact

Please contact the Market Operations Center at (866) 768-8845 or by e-mail at BOXMOC@boxexchange.com should you require any additional information.