Informational Circular	IC-2013-001

TO: BOX Options Participants

FROM: BOX Market Operations Center

SUBJECT: Order Entry Price Protection

DATE: January 8, 2013

BOX Options Exchange is pleased to announce the release of a new functionality that would prevent Participants incoming orders from being accepted by BOX if the order price is outside a price range defined by BOX.

This new feature will be available to all BOX Participants on Monday, January 14, 2013, on each Participant's request. Participants wishing to activate this protection are invited to call the BOX Market Operations Center to have their credentials configured accordingly.

Overview

The price parameter will be a percentage of the NBBO on the opposite side of the incoming order.

Example:

NBBO:	1.10 – 1.20
Configured %:	±50%[1] of opposite NBBO
Incoming Order:	Buy 10 @ **1.90**
Maximum accepted price:	(opposite NBBO x Configured %), 1.20 * 1.50 = **1.80**
Result:	Because **1.90** > **1.80,** and thus, outside the parameter set, the incoming Order is rejected back to the Participant.

This protection is available during regular trading (not during the pre-opening) and it applies only to regular incoming Limit Orders and incoming Order Modifications.

---

[1] This value is only an example. Participants are invited to contact the MOC for the configured price parameters.

Technical Details

When the protection is triggered, the following information will be sent out to the order originator:

SAIL Connections

Events	Response send to Participant when the Protection is triggered
Incoming Limit Order / Incoming Order Modification	[ER-Error Notice] message with the error #0121 [Order price is outside the Order Entry Protection Limits].
Unfilled portion of an Order coming back from an away exchange	[NZ-Order Cancellation Notice] message with the value [B] (Order price is outside the Order protection limit) set in the field [Status]. To receive the new value [B] in the NZ message types, Participants will need to use the SAIL Protocol "A5" otherwise they will receive the generic value [E] (Eliminated).
A Directed Order not submitted to the PIP process for which there is no GDO	

FIX Connections

Events	Response send to Participant when the Protection is triggered
Incoming New Single Order	A [35.MsgType=8] (Execution Report) message with tag [39.OrdStatus=F] (Order price is outside the order entry protection limits) and tag [150.ExecType=8] (Rejected).
Unfilled portion of an Order coming back from an away exchange	A [35.MsgType=8] (Execution Report) message with tag [39.OrdStatus=F] (Order price is outside the order entry protection limits) and tag [150.ExecType=4] (Canceled).
A Directed Order not submitted to the PIP process and for which there is no GDO	
Incoming Order Cancel/Replace Request	A [35.MsgType=9] (Order Single Cancel Reject) message with the tag [58.Text=Order price is outside the Order protection limit].

Participants using FIX need to contact the BOX Market Operations Center to have their connection configured to receive the new value [39.OrdStatus=F] otherwise they will receive the value [39-OrdStatus=4] (Cancelled) or [39-OrdStatus=8] (Rejected).

SAIL and FIX Participants wishing to receive the new value associated with this feature must also support all changes included in Protocols "A2" and "A5" (see previous Informational Circulars).

Testing

Participants are invited to test this new feature in the BOX Test environment at their convenience.

Contact

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