



**BOXX**<sup>SM</sup>  
OPTIONS EXCHANGE

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**Informational Circular**

**IC-2014-003**

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**TO: BOX Options Participants**  
**FROM: BOX Market Operations Center**  
**SUBJECT: Enhanced Market Protections**  
**DATE: February 4, 2014**

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BOXX Options Exchange ("BOXX") has amended its rules to enhance market protections. As of **February 6, 2014**, these rule changes will become operative. Please see below for a brief overview of each of these protections:

#### **Automatic Quote Cancellation**

Under Rule 8130, Automatic Quote Cancellation, Market Makers can automatically cancel quotes in specified classes if certain triggering parameters are met. BOXX has made it mandatory for Market Makers to enter values in at least **one** triggering parameter for each of their appointment options classes.

Benefits: BOXX believes this requirement will help Market Makers manage risk by preventing them from inadvertently entering quotes without any internal or external risk-management parameters.

For more detailed information, please refer to [SR-BOXX-2014-02](#).

#### **Bulk Cancellation of Trading Interest**

BOXX has codified an existing mechanism in Rule 7280, Bulk Cancellation of Trading Interest. When instructed by a Participant via a phone call to the Market Operations Center ("MOC"), the Exchange can simultaneously cancel all the bids, offers, and orders of a Participant in all series in all classes of options. Additionally, when requested, the Exchange can block all new incoming orders submitted by the Participant until the Participant contacts the MOC to have the block removed.

Benefits: BOXX believes this mechanism reduces the risk of unintended executions or executions at erroneous prices, and also helps to mitigate the risks associated with the execution when a Participant is experiencing system issues.

For more detailed information, please refer to [SR-BOXX-2014-03](#).

#### **Price Protection for Limit Orders**

BOXX has codified an existing mechanism in Rule 7290, Price Protection for Limit Orders. When enabled by a Participant, BOXX will employ a filter on all incoming limit orders and limit order modifications. If any of these orders are priced outside an acceptable price parameter set by the Exchange, they will be canceled.

This feature is available to all Participants; however, it is disabled until the Participant enables it by contacting the MOC.

Benefits: BOX believes this mechanism prevents the entry of limit orders that are priced so significantly beyond the prevailing market price that execution of such orders could cause substantial price dislocation in the market.

For more detailed information, please refer to [SR-BOX-2014-04](#).

### **Contact**

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