



BOX[®]
OPTIONS EXCHANGE

Informational Circular

IC-2014-012

TO: BOX Options Participants

FROM: BOX Market Operations Center

SUBJECT: New Trade Allocation Algorithms for PIP and COPIP

DATE: August 18, 2014

On **Monday August 25, 2014** BOX Options Exchange ("BOX") will launch new trade allocation algorithms for matching trades at the conclusion of the Price Improvement Period ("PIP") and Complex Order Price Improvement Period ("COPIP").

PIP Trade Allocation

At the end of the PIP, the PIP Order will continue to be matched with opposite side competing orders and quotes in price priority. If the total quantity of orders, quotes, Improvement Orders, Legging Orders and the Primary Improvement Order is greater than the quantity of the PIP Order at a given price level, the allocation will now be in the following order:

1. **Public Customers**
2. The **Primary Improvement Order**
3. **Market Makers**
4. **Any remaining orders**, other than Legging Orders and Market Maker orders, including orders for the account of Professionals and orders on the BOX Book prior to the PIP Broadcast
5. **All remaining quotes and orders**, if any, other than Legging Orders and the Primary Improvement Order
6. If there remains any unallocated quantity of the PIP Order, to the extent of any Surrender Quantity, allocation will be made to any **Legging Orders**

Quotes and orders on the BOX Book prior to the PIP Broadcast will no longer be allocated against the PIP Order at the end of the PIP in time priority before any other order at the same price. Specifically, quotes and orders on the BOX Book prior to the PIP Broadcast will now be considered alongside all other quotes and orders for matching at the conclusion of the PIP.

COPIP Trade Allocation

At the end of the COPIP, the COPIP Order will continue to be matched with opposite side competing orders in price priority. If the total quantity of orders, Improvement Orders, BOX Book Interest and the Primary Improvement Order is greater than the quantity of the COPIP Order at a given price level, the allocation will now be in the following order:

1. **BOX Book Interest**
2. **Public Customers**
3. The **Primary Improvement Order**

4. **Market Makers**
5. **Any remaining Complex Orders**, other than Market Maker orders, including orders for the account of Professionals and orders on the Complex Order Book prior to the COPIP Broadcast
6. **All remaining orders**, if any, other than the Primary Improvement Order

Quotes and orders on the Complex Order Book prior to the COPIP Broadcast will no longer be allocated against the COPIP Order at the end of the COPIP in time priority before any other order at the same price. Specifically, quotes and orders on the Complex Order Book prior to the COPIP Broadcast will now be considered alongside all other orders for matching at the conclusion of the COPIP.

Additional Changes

Professionals will now be treated in the same manner as a broker-dealer for purposes of Rules PIP and COPIP.

The **Market Maker Prime** designation will be removed from the Rulebook.

Customer PIP Orders ("CPOs") will also be removed from the Rulebook. Public Customers may continue to submit orders to the Exchange and Improvement Orders to interact with a PIP.

The Exchange will no longer broadcast Improvement Orders received during the PIP and COPIP via the **High Speed Vendor Feed ("HSVF")**.

For more information please see: [SR-BOX-2014-16](#) and [Approval Order](#).

Contact

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