



INFORMATIONAL CIRCULAR IC-2011-001

TO: BOX Options Participants
FROM: BOX Market Operations Center
SUBJECT: **PIP Surrender Quantity**
DATE: **January 24, 2011**

BOX Options Exchange (BOX) is pleased to announce the release of a new feature enhancing the existing Price Improvement Period (PIP) auction functionality. This new feature called "Surrender Quantity" allows Initiating Participants to specify in their PIP auction order the number of contracts they are willing to surrender at the end of the PIP when matching the allocation occurs.¹

In a PIP auction with a Surrender Quantity specified, the PIP allocation algorithm remains the same with the exception that the guaranteed quantity for the initiator of the PIP auction will be the lesser of (initial auction quantity – Surrender Quantity) or 40% of the initial auction quantity.

In a PIP auction with a Max Improvement Price (MIP) and a Surrender Quantity specified, the MIP allocation algorithm remains the same with the exception that the guaranteed quantity for the initiator of the MIP auction will be the lesser of (initial auction quantity – Surrender Quantity) or 40% of the remaining quantity at the last price level.

Please note that the Initiating Participant's allocation will be determined in accordance with the existing PIP rules should there be insufficient quantity available from other participants to fill the remaining size.

This new feature will be available to all BOX Participants on January 31, 2011.

For further details, please refer to BOX Rules Chapter V, Section 18 and Technical Notice 11-001.

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

¹ See BOX Rule Filing SR-BX-2010-083, filed December 2, 2010 by NASDAQ OMX BX.