



**TO: BOX Options Participants**  
**FROM: BOX Regulation**  
**SUBJECT: Preferred Market Maker Quoting Requirements**  
**DATE: February 10, 2015**

---

BOX Options Exchange ("BOX") will introduce a new order type,<sup>1</sup> the "Preferred Order" on February 17, 2015.

This new order type will allow Participants to designate a Market Maker (a "Preferred Market Maker") to receive an allocation preference with respect to a percentage of the Preferred Order.

### **Enhanced Quoting Requirements**

In order to be eligible to receive the allocation preference, a Preferred Market Maker must meet certain pre-requisites. Specifically, pursuant to BOX Rule 8050(c)(1), a Preferred Market Maker must maintain a continuous two-sided market throughout the trading day in option classes for which it accepts Preferred Orders, for 99% of the time the Exchange is open for trading in each such option class.<sup>2</sup> Additionally, the Preferred Market Maker must be quoting at the NBBO when the order is received.

Compliance with this requirement will be determined on a monthly basis; however, determining compliance with this requirement on a monthly basis does not relieve a Preferred Market Maker from meeting this quoting requirement on a daily basis.

### **Additional Information**

In accordance with IM-7300-1, it will be a violation for a Market Maker to be informed of a pending Preferred Order, with respect to which such Market Maker is designated as the Preferred Market Maker, prior to its entry on the Exchange.

For more information please visit: [IC-2014-020](#) and [SR-BOX-2014-28](#).

### **Contacts**

Please review the information provided herein. If you have any questions regarding this information, please contact BOX Regulation at [BOXMRC@BOXregulation.com](mailto:BOXMRC@BOXregulation.com).

---

<sup>1</sup> See Securities Exchange Act Release No. 74210 (February 5, 2015)(Notice of Approval of SR-BOX-2014-28).

<sup>2</sup> For purposes of this requirement, a Preferred Market Maker is not required to quote in intra-day add-on series that have a time to expiration of nine months or more in classes for which it receives Preferred Orders and a Market Maker may still be a Preferred Market Maker in any such series if the Market Maker otherwise complies with the Preferred Market Maker requirements.