



TO: BOX Participants
FROM: Participant Connectivity Coordinator
SUBJECT: Order Quantity Modification Management
DATE: June 17, 2011

BOX Options Exchange is pleased to announce the release of a new functionality to manage modification of order quantity.

This new optional feature will be available to all BOX Participants on Monday, June 20, 2011.

Note: Participants who do not wish to use this new feature do not have to make any changes.

Overview

This new feature will provide a new way of specifying the quantity to be modified in an order modification request. This will prevent the risk of overfilling when an order modification request crosses an execution notice (also known as *race condition*).

The following sections describe in more detail the changes and impacts on the existing BOX services.

Impact Summary

| BOX Service | Impacts |
|---------------|--|
| SAIL Protocol | Participants will be able to modify the quantity of an order by specifying the quantity variation from the original value (+, - signs) instead of being limited to specifying the remaining quantity only. |
| FIX Protocol | In the actual implementation, the quantity specified in the Order/Cancel Replace message (tag 38-OrderQty) represents the remaining quantity of the original order, or the remaining quantity booked. The new feature will allow specifying the total quantity when modifying an order. This quantity will include all partial executions of the original order. |

Detailed System Changes

SAIL Protocol

All changes are part of the actual "A0" and "A1" SAIL protocol versions.

| Impacted Message types | Impacted Field/Tag | Values/Description |
|-------------------------|--------------------|---|
| OM – Order Modification | Quantity Sign | <p>New behavior: The values "+" and "-" will now be available for orders as well as for quotes.</p> <p>"+" : add the specified quantity to the booked/remaining order quantity</p> <p>"-" : subtract the specified quantity to the booked/remaining order quantity</p> <p>"=": replace the booked/remaining quantity with the incoming specified quantity; this is the current way of modifying quantity in an Order Modification request.</p> |

Examples Using the SAIL Protocol

| SAIL Order Entry command | Current SAIL | | New SAIL | | Trading Event | Remaining Order Quantity |
|--|---------------|----------|---------------|----------|-------------------------------|--------------------------|
| | Quantity Sign | Quantity | Quantity Sign | Quantity | | |
| Entering an Order | N/A | 100 | N/A | 100 | Order trades for 20 contracts | 80 |
| Modify order, new price, same quantity | = | 80 | + or - | 0 | Order trades for 10 contracts | 70 |
| Modify order, add 5 contracts | = | 75 | + | 5 | - | 75 |
| Modify order, subtract 15 contracts | = | 60 | - | 15 | - | 60 |

FIX Protocol

Participants using the FIX protocol who are interested in using this new feature are invited to contact the BOX Market Operation Center to have their connection configured so that they can send the quantity as representing the original order quantity instead of as representing the remaining booked quantity.

| Impacted Message types | Impacted Field/Tag | Description |
|--------------------------|--------------------|---|
| G – Order Cancel/Replace | 38-OrderQty | Quantity in Order Cancel/Replace messages sent on connections configured as such by the BOX MOC will contain the total order quantity instead of the remaining booked quantity. |

Examples Using the FIX Protocol

| FIX Order Entry command | Current FIX | New FIX | Trading Event | Remaining Order Quantity |
|--|-------------|-------------|-------------------------------|--------------------------|
| | 38-OrderQty | 38-OrderQty | | |
| Entering an Order | 100 | 100 | Order trades for 20 contracts | 80 |
| Modify order, new price, same quantity | 80 | 100 | Order trades for 10 contracts | 70 |
| Modify order, add 5 contracts | 75 | 105 | - | 75 |
| Modify order, subtract 15 contracts | 60 | 90 | - | 60 |

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@bostonoptions.com should you require additional information.

Thank you,
BOX Participant Connectivity Coordinator