



BOXSM
REGULATION

Regulatory Circular

RC-2012-06

TO: BOX Participants
FROM: BOX Regulation
SUBJECT: **Modifications to the Price Improvement Process**
DATE: **May 1, 2012**

Modifications to the Price Improvement Period (“PIP”) process on BOX added an auto-match functionality within the PIP for the Initiating Participant to submit a Primary Improvement Order that will automatically match both the price and size of all competing quotes and orders at any price level achieved during the PIP auction or only up to a designated limit price (“Max Improvement Primary Improvement Order”).

With a Max Improvement Primary Improvement Order the Initiating Participant does not respond at all, but instead must honor the prices set forth by the competing orders, including booked unrelated orders, received from other Options Participants. After the commencement of a PIP, the Initiating Participant would not be able to cancel or modify the Max Improvement Primary Improvement Order.

At the conclusion of the PIP, the Max Improvement Primary Improvement Order shall be allocated its full size at each price level where there are competing quotes or orders, except where restricted by any designated max improvement limit price, until a price level is reached where the balance of the PIP Order can be fully executed. Only at such price level will the Initiating Participant retain priority for the greater of one contract or 40% of the remaining size of the PIP Order.

This circular is not intended to be a comprehensive description of the rules regarding the opening of the BOX Market. The BOX Trading Rules may be viewed on the BOX website at www.boxexchange.com.

Please review the information provided herein. If you have any questions regarding this information, please contact Ken Meaden, Chief Regulatory Officer, at (617) 235-2258.