



TO: BOX Participants
FROM: BOX Regulation
SUBJECT: Bid/Ask Differentials for NDX Options
DATE: May 1, 2012

Rule 8040 (a)(7) (Obligations of Market Makers) of BOX Rules requires Market Makers to maintain bid/ask spreads no wider than \$5.00. Prior to the start of continuous trading, Market Makers are required to maintain spreads as tight as \$0.25. In consideration of the large number of deep in-the-money Nasdaq 100 Index (NDX) options, BOX Regulation has determined to provide the following bid/ask differential relief:

Prior to Continuous Trading:

- If the bid is less than \$2, the bid/ask spread may be up to \$.75 wide.
- If the bid is from \$2 to \$4.90, the bid/ask spread may be up to \$1 wide.
- If the bid is from \$5 to \$9.90, the bid/ask spread may be up to \$1.50 wide.
- If the bid is from \$10 to \$19.90, the bid/ask spread may be up to \$3 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is \$200 or greater, the bid/ask spread may be up to \$22 wide.

During Continuous Trading:

- If the bid is under \$20, the bid/ask spread may be up to \$5.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is \$200 or greater, the bid/ask spread may be up to \$22 wide.

This relief is granted through the **December 2012** Expiration Cycle.

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.