



**Boston Options Exchange Regulation LLC
Regulatory Circular 2005-02**

TO: BOX Participants

FROM: BOX Regulation LLC

DATE: April 25, 2005

SUBJECT: Market Maker Quoting Obligations and Pre-opening Requirements

Chapter VI, Section 6 of the BOX Rules sets forth certain requirements related to Market Maker quoting obligations.

Continuous Quotes. Chapter VI, Section 6(d) requires a Market Maker to enter continuous quotations for the options classes to which it is appointed (i.e., the “80/90/60 Rule”). Please review the Rule and ensure that your quoting activity is within the required parameters. Violations on any trading day will be subject to the sanctions described in Chapter X, Section 2(d) of the BOX Rules. Please be advised that BOX Regulation LLC conducts daily reviews to surveill for each Market Maker activities and calculates the performance of each BOX Market Makers with respect to this Rule.

Participation at the Pre-Opening. Chapter VI, Section 6 (d)(i) specifically states that a Market Maker must participate in the pre-opening phase and thereafter. Violations of the pre-opening obligations may be considered a failure to meet minimum performance standards as stated in Chapter VI, Sections 1(b), 3 (a), and 4(d). **BOX Market Makers who do not participate in the pre-opening phase and do not otherwise meet their quoting obligations will be considered to be in violation of its Market Maker obligations and will be subject to disciplinary action, including fines or restrictions.**

Please review this information with your compliance department. If you have any questions regarding this information contact Eric Johnson at (781) 759-1423 or Bill Meehan at (781) 759-1421.