



**Boston Options Exchange Regulation LLC
Regulatory Circular 2008-06**

TO: BOX Participants

FROM: BOX Regulation LLC/BSE Regulatory Services

DATE: March 25, 2008

SUBJECT: Penny Pilot Expansion

Overview

On September 27, 2007, the Securities and Exchange Commission ("Commission") approved a proposal of the Boston Stock Exchange ("Exchange") to extend and expand the Penny Pilot Program ("Penny Pilot Program") for the purpose of trading option contracts in one-cent increments. A notice of this approval was published in the Federal Register on October 3, 2007.

The Commission approved a two-phased expansion of the option classes traded within the Penny Pilot Program. In addition to the original thirteen option classes¹ designated for penny trading, the Exchange added an additional twenty-two option classes² during the first phase of the expansion, which is set to expire on March 27, 2008.

Phase II Expansion

On March 28, 2008 the Exchange will add the following additional twenty-eight option classes to the Penny Pilot Program, bringing the total number to sixty-three.

¹ The 13 original penny pilot classes are: IWM, QQQQ, SMH, GE, AMD, MSFT, INTC, CAT, WFMI, TXN, FLEX, JAVA, and A.

² The 22 additional penny pilot classes from the September 28, 2007 expansion are: SPY, AAPL, MO, DNDN, AMGN, YHOO, QCOM, GM, XLE, DIA, OIH, NYX, CSCO, XLF, T, C, AMZN, MOT, RIMM, FCX, COP, and BMY.

Goldman Sachs Group, Inc. (GS)	The Bear Stearns Companies, Inc. (BSC)
Countrywide Financial Corporation (CFC)	Pfizer Inc. (PFE)
Bank of America Corporation (BAC)	eBay Inc. (EBAY)
iShares MSCI Emerging Mkts. Index Fund (EEM)	Halliburton Company (HAL)
Merrill Lynch & Co., Inc. (MER)	Lehman Brothers Holdings Inc. (LEH)
Vale (RIO)	JPMorgan Chase & Co. (JPM)
EMC Corporation (EMC)	Washington Mutual, Inc. (WM)
Exxon Mobil Corporation (XOM)	Ford Motor Company (F)
Wal-Mart Stores, Inc. (WMT)	Target Corporation (TGT)
The Home Depot, Inc. (HD)	American International Group, Inc. (AIG)
Valero Energy Corporation (VLO)	Newmont Mining Corporation (NEM)
Alcoa Inc. (AA)	Verizon Communications Inc. (VZ)
Dell Inc. (DELL)	Mini-NDX Index Options (MNX)
SanDisk Corporation (SNDK)	Starbucks Corporation (SBUX)

This memorandum is not intended to be a comprehensive description of the Penny Pilot Program. For a more detailed description of the Penny Pilot Program, Participants are advised to refer to Section 33 of Chapter V of the BOX Rules, and any interpretations and policies thereunder. If you have any questions regarding this information contact Joe Dalton at (617) 235-2317 or Bruce Goodhue at (617) 235-2022.