



**Boston Options Exchange Regulation LLC
Regulatory Circular 2008-20**

TO: BOX Participants
FROM: BOX Regulation LLC
DATE: September 23, 2008
SUBJECT: Bid/Ask Differentials for NDX Options

Chapter VI, Sec. 5(a)(vii) of BOX Rules require market makers to maintain bid/ask spreads no wider than \$5.00. In consideration of the amount of deep in-the-money Nasdaq 100 Index (NDX) options with expirations out to 2009, and in accordance with Chapter VI, Sec. 5, (a), vii. of BOX Rules, the Exchange has determined to provide the following bid/ask differential relief for options bid \$20 or higher.

- 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.

Prior to the start of continuous trading, Chapter VI, Sec. 5(a)(vii) of BOX Rules requires market makers to maintain quotations that are narrower than \$5. The bid/ask differential listed above for options bid \$20 or greater will be applicable prior to the opening. For options bid less than \$20, the following bid/ask differentials will apply prior to the opening:

- 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.

This relief is granted through the December 2008 Expiration Cycle.

Please review this information with your compliance department. If you have any questions regarding this information contact Joe Dalton at (617) 235-2317 or Bruce Goodhue at (617) 235-2022.