



**Boston Options Exchange Regulation LLC
Regulatory Circular 2009-01**

TO: BOX Participants

FROM: BOX Regulation LLC

DATE: January 27, 2009

SUBJECT: Amendment to Chapter V, Section 20 (Obvious and Catastrophic Errors).

The BOX Rules pertaining to Obvious Errors have recently been amended to address erroneous quotes or prints and "Catastrophic Errors". For details regarding the rule, refer to Chapter V, Section 20 of the BOX rules and SR-BSE-2008-52, which can be found at <http://www.sec.gov/rules/sro/bse/2009/34-59197.pdf>.

Chapter V, Section 20 now provides for the nullification of certain trades resulting from situations in which an erroneous quote or print in the underlying security caused a Participant to incorporate erroneous underlying data into a trade .

BOX Rules Chapter V, Section 20(c)-(d) has set forth criteria for identifying Catastrophic Errors. Such errors occur when the execution price of a transaction is higher or lower than the Theoretical Price for the option by an amount equal to at least the amount shown in the "Minimum Amount" portion of the Rule. The Exchange may make an adjustment equal to the "Adjustment Value" when such an error occurs.

Usually, Participants will have until 8:30 a.m. Eastern Time on the day following the trade to notify the Market Operations Center ("MOC") of a Catastrophic Error. However, for transactions in an expiring options series that take place on expiration Friday, a Participant must notify MOC by 5:00 p.m. Eastern Time that same day. All determinations by the BOXR CRO or its designee shall constitute final Exchange action on the matter.

The above discusses the major highlights of the amendments to the Rules and is not intended to be a comprehensive description of the amendment or the Rules. The BOX Trading Rules may be viewed on the BOX website at www.bostonoptions.com. 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.