



**Boston Options Exchange Regulation LLC
Regulatory Circular 2009-19**

TO: BOX Participants and Participant Organizations
FROM: BOX Regulation LLC/BSE Regulatory Services
DATE: December 18, 2009
SUBJECT: Bid/Ask Differentials for NDX and RUT Options

Chapter VI, Section 5(a)(vii) of BOX Rules requires Market Makers to maintain bid/ask spreads no wider than \$5.00. In consideration of the large number of deep in-the-money Nasdaq 100 Index (NDX) options with expirations out to 2011 and Russell 2000 Index (RUT) options with expirations out to 2010, BOXR has determined to provide the following bid/ask differential relief:

NDX options with a 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, Section 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.

RUT options with a bid \$40 or higher:

If the bid is under \$40, the bid/ask spread may be up to \$5.

If the bid is \$40 and greater, the bid/ask spread may be up to \$10 wide.

Prior to the start of continuous trading, Chapter VI, Section 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 \$40 or greater will be applicable prior to the opening.

For options bid less than \$40, 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 \$.50 wide.

If the bid is from \$2 to \$4.90, the bid/ask spread may be up to \$.80 wide.

If the bid is from \$5 to \$9.90, the bid/ask spread may be up to \$1.00 wide.

If the bid is from \$10 to \$19.90, the bid/ask spread may be up to \$1.60 wide.

If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$2.00 wide.

This relief is granted through the **December 2010** 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.