



**Boston Options Exchange Regulation LLC  
Regulatory Circular 2012-01**

**TO: BOX Participants**  
**FROM: BOX Regulation LLC**  
**DATE: January 10, 2012**  
**SUBJECT: Obvious Errors and Theoretical Prices**

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Please be advised that the Exchange filed a proposal with the SEC on December 22, 2011 (SR-BX-2011-086)<sup>1</sup> to modify the method used by the Exchange to determine the Theoretical Price when making determinations related to potential Obvious and Catastrophic Errors executed on BOX. This rule filing becomes operative thirty (30) days after the filing date.<sup>2</sup>

As such, effective Friday January 20<sup>th</sup>, the Theoretical Price used to determine whether an execution qualifies as an Obvious or Catastrophic Error will be the midpoint of the National Best Bid and Offer (NBBO) at the time of the execution. This new methodology replaces the current process using solely either the National Best Bid or the National Best Offer in making Obvious and Catastrophic Error determinations.

Please also note that this definitional change to the meaning of Theoretical Price applies solely to the Obvious and Catastrophic Error portion of the BOX Rule book (Chapter V, Section 20).

This circular is not intended to be a comprehensive description of the rules regarding potential Obvious and Catastrophic Errors on the BOX Market. The BOX Trading Rules can be viewed in their entirety on the BOX website at [www.bostonoptions.com](http://www.bostonoptions.com).

Please review the information provided herein. If you have any questions regarding this information please contact Joe Dalton at (617) 235-2317 or Bruce Goodhue at (617) 235-2022.

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<sup>1</sup> <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/pdf/bx-filings/2011/SR-BX-2011-086.pdf>

<sup>2</sup> <http://www.sec.gov/rules/sro/bx/2012/34-66093.pdf>