



Technical Notice **06-005**

TO: All BOX Participants and ISVs
FROM: Participant Connectivity Coordinator
SUBJECT: **BOX Penny Pilot Testing Readiness**
DATE: November 17, 2006

The Boston Options Exchange is currently making available a penny trading test environment in order to facilitate participants and ISV readiness testing.

We recommend participants analyze the impact this change will have on their applications in order to be prepared for the upcoming pilot.

Below are the classes that are available in the test environment.

Underlying	Classes	Group	Penny Description
QQQQ – NASDAQ 100 shares	QAV, QQQ, ODH, UQQ, VQG, OHF, OOF, WD, YWZ OZC	Q0	Set up for trading across all strikes and expiry months.
INTC – Intel	VNL, WNL, INQ	I1	Set up for penny trading below \$3, nickel minimum increment above \$3
MSFT – Microsoft	WMF, MSQ, MQF, MQV, VMF	M0	Set up for penny trading below \$3, nickel minimum increment above \$3
TXN – Texas Instrument	WTN, TXN, TNZ, VXT	T0	Set up for penny trading below \$3, nickel minimum increment above \$3

Please feel free to complete the following penny trading certification test cases at your convenience. For technical assistance or support please call 514-871-4949 ext. 369.

ID	Test Description
001	<p><u>Verify you can trade at a penny tick</u> Enter the following quotes or orders Bid 10 at 2.99 Offer 10 at 2.99 Ensure that both orders completely trade</p>
002	<p><u>Verify an incoming order will be given the price improvement</u> Enter the following quotes or orders Offer 15 at 2.08 Bid 8 at 2.13 Verify the following trade will occur: 8 contracts at 2.08</p>
003	<p><u>Verify a price revision to a penny tick that will trade successfully</u> Enter the following quotes or orders Bid 20 at 1.91 Offer 13 at 1.96 Amend the bid to 1.96 for 15 lots Verify the following trade will occur: 1.96 for 13 contracts Remaining volume of 2 bid at 1.96 will remain in the order book</p>
004	<p><u>Verify an order will trade through depth at all tick prices</u> Enter the following quotes or orders: Offer 12 at 2.65 Offer 8 at 2.64 Offer 16 at 2.62 Offer 4 at 2.60 Enter a market buy order for 38 lots Verify the following trades occur: 12 at 2.65 8 at 2.64 16 at 2.62 2 at 2.60 Verify that the remaining volume of 2 contracts offered at 2.60 still remains in the order book</p>

Participants and ISV's who decide to complete the certification test cases are requested to call the BOX Participant Connectivity Coordinator at 514-871-3581 or by e-mail at connect@bostonoptions.com to have your certification results validated and confirmed.

BOX Contact Information:

Please address any questions related to this memorandum to your implementation coordinator, or write us at connect@bostonoptions.com.

Thank you,

BOX Participant Connectivity Coordinator