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March 21, 2013

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: File No. SR-BOX-2013-06; Exchange Act Release No. 34-68759

Dear Ms. Murphy,

The NASDAQ OMX Group, Inc. ("NASDAQ OMX") appreciates the opportunity to comment on the above-referenced proposal by BOX Options Exchange, LLC ("BOX Proposal") which seeks approval to list and trade option contracts overlying 1,000 Shares of the SPDR S&P 500 Exchange-Traded Fund ("SPY") ("Jumbo SPY Options"). NASDAQ OMX does not believe the Commission has sufficient information to approve the BOX Proposal in its current form.

NASDAQ OMX has a keen interest in the BOX Proposal and, in particular, its impact on investors and the market for SPY option. NASDAQ OMX is the world's largest exchange company, operating 25 markets, 3 clearinghouses and 5 central securities depositories supporting equities, options, fixed income, derivatives, commodities, futures and structured products as well as providing technology to over 70 marketplaces in 50 developed and emerging countries, powering 1 in 10 of the world's securities transactions. We regulate the trading and clearing of equities, options, commodities, and derivatives across the globe. NASDAQ OMX's three U.S. options markets, NASDAQ OMX PHLX ("PHLX"), The NASDAQ Options Market ("NOM") and NASDAQ OMX BX Options execute approximately 30% of options transactions daily.

NASDAQ OMX believes that NYSE Euronext ("NYSE") raised important issues in its comment letter dated February 25, 2013 ("NYSE Letter"). As the NYSE Letter states, multiple aspects of the BOX Proposal could harm individual investors and the National Market System by, among others, creating a two-tiered market in SPY options; encouraging internalization at the expense of quoted markets; confusing investors; and potentially decreasing liquidity across a myriad of currently-listed SPY options. In addition, the BOX Proposal lacks important details necessary to understand how these products will be listed and traded.

As NYSE correctly noted, the BOX Proposal does not state the minimum price variation ("MPV") that will be used for quoting and trading Jumbo SPY Options As such, market participants and the investing public are unable effectively to comment on the impacts of Jumbo SPY Options on the market for SPY options generally. Presently, all series of regular SPY options, regardless of premium, are quoted and traded in a one-cent MPV. NYSE emphasized that the BOX proposes to treat SPY as a separate product, noting "that price protection would not apply across standard and Jumbo SPY options on an intramarket basis." The BOX Proposal provides no support for BOX's conclusion that "because of the liquidity in SPY and options on SPY, existing market forces should keep the prices between standard contracts and Jumbo SPY contracts consistent." We agree with NYSE that the lack of a detailed discussion about the MPV and its potential, material impacts to the SPY options, call into question the merits of this conclusion.

Further, the BOX Proposal fails to discuss how Jumbo SPY Options will meet certain ratios or other related requirements on BOX, including how Jumbo SPY options will operate in the BOX's price improvement process. The lessons learned during the Mini-Options approval process and proceeding months teaches that details concerning market structure, functionality and general trading must be discussed in detail to allow the investing public and other interested market participants to comment accordingly.

Lastly, the BOX proposal does not fully address the guidance for good regulatory economic analysis noted in the Commission's memo entitled "Current Guidance on Economic Analysis in SEC Rulemakings" dated March 16, 2012. In terms of specific economic issues, we share with the NYSE the belief that BOX should respond to the following questions:

- Could Jumbo SPY Options, as NYSE rightly suggested, create a two-tiered market for SPY ETF Options, where institutional investors have benefits over retail investors?
- How will Jumbo SPY Options impact the existing market for standard-sized SPY options or mini-SPY Options?
- Will the listing and trading of Jumbo SPY Options material fragment liquidity and harm or weaken the price discovery process for retail inventors?
- When does too many options series overlaying a single instrument, in this case SPY, become materially harmful to investors?
- Will Jumbo SPY options exasperate adverse selection risk forcing the Jumbo SPY Options to negatively impact the standard and mini SPY options markets with worse quoted spreads?

NASDAQ OMX welcomes further guidance from the Commission and Staff regarding the applicability of the RSFI and OGC memo to SRO rule filings.

The BOX Proposal, if approved, will be adopted by other options markets and will expand the universe of SPY options[1] in a manner that could harm investors in violation of the Act. The proliferation of SPY options and its impacts on the SPY options markets and investors should be of a great concern to the Commission. With the alarming issues discussed in the NYSE Letter and above, and no offsetting benefits to investors or the market, we agree with NYSE that the Commission has no basis for approving the BOX Proposal in its current form.

We appreciate the opportunity to comment regarding the BOX Proposal and urge the Commission to provide clear guidance on whether the proposal is consistent with the Act and why or why not.

Respectfully submitted,

J. C. Conley

Joan C. Conley

cc: John Ramsay, Director of Trading and Markets
Heather Seidel, Associate Director of Trading and Markets
John Roeser, Assistant Director of Trading and Markets

[1] Effective March 18, 2013, SPY options will consistent of standard SPY options and Mini Options that will encompass numerous put/call series, including, but not limited to short-dated options, quarterly options and LEAPs.