

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62505; File No. SR-BX-2010-047)

July 15, 2010

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish a Short Term Option Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on July 14, 2010, NASDAQ OMX BX, Inc. (the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Rules of the Boston Options Exchange Group, LLC (“BOX”) to permit the listing and trading of options series that expire one week after being opened for trading (“Short Term Option Program” or “STO Program”). The text of the proposed rule change is available from the Exchange’s website at

<http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>, the principal office of the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

Exchange, on the Commission's Web site at www.sec.gov, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposal is to amend the BOX Rules to establish a Short Term Option Program on the Exchange by proposing to add new Supplementary Material .07 to Chapter IV, Section 6 (Series of Options Open for Trading) and Supplementary Material .02 to Chapter XIV, Section 10 (Terms of Index Options Contracts) in order to list option series that expire one (1) week after being opened for trading. The Exchange also proposes to add the definition of Short Term Option Series to Chapter 1, Section 1(a)(and Chapter XIV, Section 2.⁵ In addition, the Exchange proposes to make non-substantive changes to conform the language of Chapter IV, Section 6 and to renumber and reletter definitions in Chapter 1, Section 1(a) and Chapter XIV, Section 2.

⁵ Short Term Option Series is defined as: a series in an option class that is approved for listing and trading on BOX in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively.

The Commission approved the Short Term Option Program on behalf of the Chicago Board Options Exchange (“CBOE”) on a pilot basis in 2005 and for permanent establishment in 2009.⁶ Thereafter, CBOE amended Rules 5.5 and 24.9 to permit opening Short Term Option Series not just on Friday but also on Thursday.⁷ Recently, the Commission approved⁸ a permanent Short Term Option Program on behalf of the NASDAQ OMX PHLX (“PHLX”); NASDAQ Options Market (“NOM”); NYSE Arca, Inc. (“NYSE Arca”); and NYSE Amex LLC (“NYSE Amex”).⁹ The Exchange’s proposal is based directly on the Short Term Option Program in CBOE Rules 5.5 and 24.9; PHLX Rules 1012 and Rule 1101A; NOM Rules Chapter

⁶ CBOE refers to its short term option program as the “Weeklys Program.” See Securities Exchange Act Release Nos. 52011 (July 12, 2005), 70 FR 41451 (July 19, 2005)(SR-CBOE-2004-63)(Order Approving a Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Thereto To List and Trade Short Term Option Series); 59824 (April 27, 2009), 74 FR 20518 (May 4, 2009)(SR-CBOE- 2009-018)(Order Approving Proposed Rule Change To Permanently Establish the Short Term Option Series Pilot Program).

⁷ See Securities Exchange Act Release No. 62170 (May 25, 2010), 75 FR 30889 (June 2, 2010)(SR-CBOE-2010-048)(Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit CBOE To Open Short Term Option Series on Thursdays).

⁸ As noted above, all the text of Items I and II of this notice was prepared by the Exchange. The Commission notes, however, that it did not approve the proposed rule changes cited by the Exchange in this sentence. These proposals were filed under Section 19(b)(3)(A) of the Act for immediate effectiveness and thus were not approved by the Commission.

⁹ See Securities Exchange Act Release Nos. 62296 (June 15, 2010), 75 FR 35115 (June 21, 2010)(SR-PHLX-2010-084)(Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by NASDAQ OMX PHLX, Inc. To Establish a Short Term Option Program); 62297 (June 15, 2010), 75 FR 35111 (June 21, 2010)(SR-NOM-2010-073)(Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by The NASDAQ Stock Market LLC To Establish a Short Term Option Program); 62296 (June 15, 2010), 75 FR 35111 (June 21, 2010)(SR-Arca-2010-059)(Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. to make permanent the One Week Option Series Pilot Program); 62296 (June 15, 2010), 75 FR 35111 (June 21, 2010)(SR-Amex-2010-062)(Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Amex, LLC to make permanent the One Week Option Series Pilot Program).

IV, Section 6 and Chapter XIV, Section 11; NYSE Arca Rules 5.19 and 6.4; NYSE Amex Rules 903C and 903 and ISE Rules 504 and 2009.

Specifically, the Exchange proposes to establish a Short Term Option Program for non-index options (e.g., equity options and ETF options) in new Supplementary Material .07 to Chapter IV, Section 6; and for index options in new Supplementary Material .02 to Chapter XIV, Section 10. The Short Term Option Program will allow BOX to list and trade Short Term Option Series. Thus, after an option class has been approved for listing and trading on BOX, BOX may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) series of options on that class that expire on the Friday of the following business week that is a business day (“Short Term Option Expiration Date”). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday.¹⁰

Under the STO Program, BOX may select up to five (5) approved option classes on which Short Term Option Series could be opened. BOX also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules.¹¹

For each class selected for the STO Program, BOX may open up to twenty Short Term Option Series for each expiration date in that class, with approximately the same number of

¹⁰ See proposed Supplementary Material .07 to Chapter IV, Section 6 and Supplementary Material .02 to Chapter XIV, Section 10.

¹¹ See proposed Supplementary Material .07(a) to Chapter IV, Section 6 and Supplementary Material .02(a) to Chapter XIV, Section 10.

strike prices above and below the value of the underlying security or calculated index value at about the time that the Short Term Option Series is opened. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle.¹² Any strike prices listed by BOX shall be within thirty percent (30%) above or below the current value of the underlying index.¹³

If BOX opens less than twenty Short Term Option Series for a given expiration date, additional series may be opened for trading on BOX when deemed necessary to maintain an orderly market, to meet customer demand, or when the current value of the underlying security or index moves substantially from the previously listed exercise prices. The total number of series for a given expiration date, however, will not exceed twenty series. Any additional strike prices listed by the Exchange shall be within 30% above or below the current price of the underlying security. BOX may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current price of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. Moreover, the opening of

¹² See proposed Supplementary Material .07(e) to Chapter IV, Section 6 and Supplementary Material .02(e) to Chapter XIV, Section 10.

¹³ See proposed Supplementary Material .07(c) to Chapter IV, Section 6 and Supplementary Material .02(c) to Chapter XIV, Section 10.

the new Short Term Option Series shall not affect the series of options of the same class previously opened.¹⁴

The Short Term Option Program provides that no Short Term Option Series may expire in the same week in which monthly option series on the same class expire or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Options Series on the same class.¹⁵

With regard to the impact of this proposal on system capacity, BOX has analyzed its capacity and has represented to the Exchange that it and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of options pursuant to the Short Term Option Program.

Finally, the Exchange is proposing to make non-substantive changes to conform the language of Chapter IV, Section 6 (Series of Options Open for Trading). Specifically, the Exchange proposes to add language to clarify that Short Term Options Series procedures are similar to Quarterly Options Series procedures and will be treated differently than standard Options Series.

The Exchange believes that the Short Term Option Program will provide investors with a flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie options contracts. The

¹⁴ See proposed Supplementary Material .07(d) to Chapter IV, Section 6 and Supplementary Material .02(d) to Chapter XIV, Section 10.

¹⁵ See proposed Supplementary Material .07(b) to Chapter IV, Section 6 and Supplementary Material .02(b) to Chapter XIV, Section 10. Moreover, the Exchange expects that Short Term Options Series will settle (e.g., in terms of A.M. or P.M.) in the same manner as do the monthly expiration series in the same option class.

Exchange also believes that providing the flexibility to list all Short Term Option series (equity and index) on any Thursday or Friday will help implement the program more effectively and avoid investor confusion.

The Commission has requested, and BOX has agreed for the purposes of this filing, to submit one (1) report to the Commission providing an analysis of the BOX Short Term Option Program (the “Report”).¹⁶ The Report will cover the period from the date of effectiveness of the STO Program through the first quarter of 2011, and will describe the experience of BOX with the STO Program in respect of the options classes included by BOX in such program. The Report will be submitted by May 1, 2011, under separate cover and will seek confidential treatment under the Freedom of Information Act.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹⁷ in general, and Section 6(b)(5) of the Act,¹⁸ in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism for a free and open market and a national market

¹⁶ The Report would include the following: (1) data and written analysis on the open interest and trading volume in the classes for which Short Term Option Series were opened; (2) an assessment of the appropriateness of the option classes selected for the STO Program; (3) an assessment of the impact of the STO Program on the capacity of BOX, OPRA, and market data vendors (to the extent data from market data vendors is available); (4) any capacity problems or other problems that arose during the operation of the STO Program and how BOX addressed such problems; (5) any complaints that the BOX or the Exchange received during the operation of the STO Program and how they were addressed; and (6) any additional information that would assist in assessing the operation of the STO Program.

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

system and, in general, to protect investors and the public interest. In particular, establishing a Short Term Option Program will provide investors with a flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie options contracts

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁹ and Rule 19b-4(f)(6) thereunder.²⁰ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6) thereunder.²²

¹⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the proposal is substantially similar to that of another exchange that was approved by the Commission.²³ Therefore, the Commission designates the proposal operative upon filing.²⁴

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2010-047 on the subject line.

designated by the Commission. The Commission has waived the five-day pre-filing requirement in this case.

²³ See Securities Exchange Act Release No. 59824 (April 27, 2009), 74 FR 20518 (May 4, 2009) (SR-CBOE-2009-018).

²⁴ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BX-2010-047. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should

submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BX-2010-047 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Florence E. Harmon
Deputy Secretary

²⁵ 17 CFR 200.30-3(a)(12).