

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63540; File No. SR-BX-2010-080)

December 14, 2010

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Continue the Practice Governing the Exchange's Directed Order Process on BOX and Maintain the Effective Date Until December 31, 2010

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 December 13, 2010, NASDAQ OMX BX, Inc. (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 the Substance of the Proposed Rule Change

The Exchange proposes to continue the practice governing the Exchange's Directed Order³ process ("Pilot Program") on the Boston Options Exchange ("BOX") and maintain the effective date until December 31, 2010. The text of the proposed rule change is available on the Exchange's website at <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>, on the Commission's website at <http://www.sec.gov>, at the Exchange, and at the Commission's Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms not otherwise defined herein shall have the meanings prescribed within the BOX Rules.

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 Exchange proposes to continue the practice governing the Exchange's Directed Order⁴ process ("Pilot Program") on the Boston Options Exchange ("BOX") and maintain the effective date until December 31, 2010. On December 3, 2010 the Exchange proposed an amendment to the BOX Rules governing the Directed Order process on BOX to permit Executing Participants ("EPs") to only receive Directed Orders through the Trading Host from Order Flow Providers ("OFPs") whom the EP has designated.⁵ Shortly thereafter, the original corresponding proposal ("BSE-2005-52") will be withdrawn.⁶ Upon the withdrawal of BSE-2005-52, the original Pilot Program ("BSE-2006-14"), which clarified that Directed Orders on

⁴ Capitalized terms not otherwise defined herein shall have the meanings prescribed within the BOX Rules.

⁵ See Securities Exchange Act Release No. 63539 (December 3, 2010) (SR-BX-2010-079).

⁶ See Securities Exchange Act Release No. 53357 (February 23, 2006), 71 FR 10730 (March 2, 2006) (SR-BSE-2005-52). Shortly after the posting of the proposed new Pilot Program and BX-2010-079 on the Commission's website, the Exchange plans to withdraw BSE-2005-52.

BOX are not anonymous and has been operating successfully for over four and half years,⁷ will automatically expire.⁸ BSE-2006-14 has been in effect since March 14, 2006 as the Securities and Exchange Commission (“Commission”) solicited comments and considered its effect on price improvement.⁹ So as to allow BOX’s current Directed Order rule and process to continue on an uninterrupted basis, this new proposed Pilot Program is designed to function in exactly the same manner as under BSE-2006-14.¹⁰ The Exchange believes that the proposal does not raise any additional or substantive issues from those raised when the Exchange sought to implement BSE-2006-14. Additionally, the expiration date will remain December 31, 2010.

This pilot period will afford the Commission the necessary time to consider the Exchange’s corresponding proposal to amend the BOX Rules to permit EPs to only receive Directed Orders through the Trading Host from OFPs whom the EP has designated.¹¹ In the event the Commission reaches a decision with respect to the corresponding Exchange proposal to

⁷ See Securities Exchange Act Release Nos. 34-53516 (March 20, 2006), 71 FR 15232 (March 27, 2006) (SR-BSE-2006-14); 54082 (June 30, 2006), 71 FR 38913 (July 10, 2006) (SR-BSE-2006-29); 54469 (September 19, 2006), 71 FR 56201 (September 26, 2006) (SR-BSE-2006-38); 55139 (January 19, 2007), 72 FR 3448 (January 25, 2007) (SR-BSE-2007-01); 56014 (July 5, 2007), 72 FR 38104 (July 12, 2007) (SR-BSE-2007-31); 57195 (January 24, 2008), 73 FR 5610 (January 30, 2008) (SR-BSE-2008-04); 59311 (January 28, 2009), 74 FR 6071 (February 4, 2009) (SR-BX-2009-007); 59983 (May 27, 2009), 74 FR 26445 (June 2, 2009) (SR-BX-2009-027); 61065 (November 25, 2009), 74 FR 62860 (December 1, 2009) (SR-BX-2009-076); 61577 (February 24, 2010), 75 FR 9464 (March 2, 2010) (SR-BX-2010-017); and 61929 (April 16, 2010), 75 FR 21085 (April 22, 2010) (SR-BX-2010-031).

⁸ See Securities Exchange Act Release Nos. 62366 (June 23, 2010), 75 FR 37863 (June 30, 2010) (SR-BX-2010-041).

⁹ See BSE-2006-14.

¹⁰ See Securities Exchange Act Release No. 61929 (April 16, 2010), 75 FR 21085 (April 22, 2010) (SR-BX-2010-031).

¹¹ See Securities Exchange Act Release No. 63539 (December 3, 2010) (SR-BX-2010-079).

amend the BOX Rules before December 31, 2010, the proposed Pilot Program governing the Directed Order process on BOX will cease to be effective at the time of that decision.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,¹² in general, and Section 6(b)(5) of the Act,¹³ 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 system and, in general, to protect investors and the public interest. In particular, in order to continue the Directed Order process on an uninterrupted basis, the proposal is designed to function in exactly the same manner as BOX's current Directed Order process under BSE-2006-14, clarifying that Directed Orders on BOX are not anonymous.¹⁴ This proposed rule filing seeks to maintain the rule's effectiveness until December 31, 2010. This pilot period will afford the Commission the necessary time to consider the Exchange's corresponding proposal to amend the BOX Rules to permit EPs to only receive Directed Orders through the Trading Host from OFPs whom the EP has designated.

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 Regarding the Proposed Rule Change Received from Members, Participants or Others

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See supra note 10.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, 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)¹⁵ of the Act and Rule 19b-4(f)(6) thereunder.¹⁶

A proposed rule change filed under Rule 19b-4(f)(6)¹⁷ normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay, as specified in Rule 19b-4(f)(6)(iii),¹⁹ which would make the rule change effective and operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would continue the pilot for Directed Orders that has operated under BSE-2006-14. The Pilot Program is designed to function in exactly the same manner as under BSE-2006-14. A waiver

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its 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 designated by the Commission. The Exchange has met this requirement.

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6)(iii).

¹⁹ Id.

would therefore continue to conform the BOX rules to BOX's current practice without interruption and clarify that Directed Orders on BOX are not anonymous.²⁰ Accordingly, the Commission designates the proposed rule change operative upon filing with the Commission.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend 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-2010-080 on the subject line.

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-2010-080. 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

²⁰ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

comments on the Commission's website (<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 website 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 such 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 publicly available. All submissions should refer to File Number SR-BX-2010-080 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.²¹

Florence E. Harmon
Deputy Secretary

²¹ 17 CFR 200.30-3(a)(12).