

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-63591; File No. SR-BX-2010-091)

December 21, 2010

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Continue the Practice Governing the Directed Order Process on BOX

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 16, 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 amend Chapter VI, Section 5 (Obligations of Market Makers) of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to extend the date of effectiveness of the Directed Order<sup>3</sup> process (“Pilot Program”) from December 31, 2010, to June 30, 2011 while the Commission considers the Exchange’s proposal to amend the BOX Rules to permit Executing Participants (“EPs”) to only receive Directed Orders through the BOX Trading Host from Order Flow Providers (“OFPs”) whom the EP has designated.<sup>4</sup> The text of the proposed rule change is available on the Exchange’s website at

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

<sup>4</sup> See Securities Exchange Act Release No. 63539 (December 14, 2010) (SR-BX-2010-079).

<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.

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

On December 13, 2010, the Exchange filed SR-BX-2010-080, a proposal to amend the BOX Rules to continue the practice governing the Exchange's Directed Order process on BOX.<sup>5</sup> Specifically, pursuant to SR-BX-2010-080, the BOX Rules state that the BOX Trading Host identifies to an Executing Participant the identity of the firm entering the Directed Order on BOX. The amended rule as set forth in SR-BX-2010-080 was to be effective on a pilot basis until December 31, 2010, while the Commission considered the Exchange's proposal to amend the BOX Rules to permit EPs to only receive Directed Orders through the BOX Trading Host from OFPs whom the EP has designated.<sup>6</sup>

The purpose of this proposed rule change is to amend Chapter VI, Section 5(c)(i) of the BOX Rules to extend the date of effectiveness of the amended Directed Order rule from

---

<sup>5</sup> See Securities Exchange Act Release No. 63540 (December 14, 2010) (SR-BX-2010-080).

<sup>6</sup> See Securities Exchange Act Release Nos. 63540 (December 14, 2010) (SR-BX-2010-080) and 63539 (December 14, 2010) (SR-BX-2010-079).

December 31, 2010, to June 30, 2011. This extension of the pilot period will afford the Commission the necessary time to consider the Exchange's proposal SR-BX-2010-079 referenced above.<sup>7</sup> In the event the Commission reaches a decision with respect to Exchange proposal SR-BX-2010-079 before June 30, 2011, 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 its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the Exchange believes that the proposed extension of the pilot period will afford the Commission the necessary time to consider the Exchange's proposal SR-BX-2010-079 which would amend the BOX Rules to permit EPs to only receive Directed Orders through the BOX Trading Host from OFPs whom the EP has designated.<sup>10</sup> Additionally, the Exchange believes that the proposed extension will allow the Directed Order Pilot Program to remain in effect on BOX without interruption.

---

<sup>7</sup> See Securities Exchange Act Release No. 63539 (December 14, 2010) (SR-BX-2010-079).

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> See Securities Exchange Act Release No. 63539 (December 14, 2010) (SR-BX-2010-079).

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

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)<sup>11</sup> of the Act and Rule 19b-4(f)(6) thereunder.<sup>12</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>13</sup> normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>14</sup> 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),<sup>15</sup> 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

---

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> Id.

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>15</sup> Id.

would continue the pilot for Directed Orders that has operated under SR-BX-2010-080. A waiver would therefore continue to permit the Directed Order Pilot Program to remain in effect on BOX without interruption.<sup>16</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2010-091 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-2010-091. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

---

<sup>16</sup> 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 more efficiently, please use only one method. The Commission will post all 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-2010-091 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.<sup>17</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>17</sup> 17 CFR 200.30-3(a)(12).