SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NASDAQ OMX BX, Inc., Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Permitting Concurrent Listing of $3.50 and $4 Strikes for Classes in the $0.50 Strike and $1 Strike Programs

March 31, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),1 and Rule 19b–42 thereunder, notice is hereby given that on March 30, 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 Act,3 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 change from interested persons.

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

The Exchange proposes to amend Supplementary Material .02 to Section 6 of Chapter IV (Series of Options Open for Trading) of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to permit the concurrent listing of $3.50 and $4 strikes for classes that participate in both the $0.50 Strike Price Program and $1 Strike Price Programs. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/.

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 Exchange 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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

BOX recently implemented a rule change that permits strike price intervals of $0.50 for options on stocks trading at or below $3.00 ("$0.50 Strike Price Program").5 As part of the filing to establish the $0.50 Strike Price Program, BOX contemplated that a class may be selected to participate in both the $0.50 Strike Price Program and the $1 Strike Price Program. Under the $1 Strike Price Program, new series with $1 intervals are not permitted to be listed within $0.50 of an existing $2.50 strike price in the same series, except that strike prices of $2 and $3 are permitted to be listed within $0.50 of a $2.50 strike price for classes also selected to participate in the $0.50 Strike Price Program.6 Under BOX’s existing rule, for classes selected to participate in both the $0.50 Strike Price Program and the $1 Strike Price Program, BOX may either: (a) List a $3.50 strike but not list a $4 strike; or (b) list a $4 strike but not list a $3.50 strike. For example, under the BOX’s current rules, if a $3.50 strike for an option class in both the $0.50 and $1 Strike Price Programs was listed, the next highest permissible strike price would be $5.00. Alternatively, if a $4 strike was listed, the next lowest permissible strike price would be $3.00. The intent of the $3.50 Strike Price Program was to expand the ability of investors to hedge risks associated with stocks trading at or under $3 and to provide finer intervals of $0.50, beginning at $1 up to $3.50. As a result, BOX believes that the current filing is consistent with the purpose of the $0.50 Strike Price Program and will permit BOX to fill in any existing gaps resulting from having to choose whether to list a $3.50 or $4 strike for options classes in both the $0.50 and $1 Strike Price Programs.

Therefore, the Exchange is submitting the current filing to permit the listing of concurrent $3.50 and $4 strikes for classes that are selected to participate in both the $0.50 Strike Price Program and the $1 Strike Price Program. To effect this change, the Exchange is proposing to amend Supplementary Material .02(b) to Section 6 of Chapter IV of the BOX Rules by adding $4 to the strike prices of $2 and $3 currently permitted if a class participates in both the $0.50 Strike Price Program and the $1 Strike Price Program.

The Exchange is also proposing to amend the current rule text to delete references to "$2.50 strike prices" (and the example utilizing $2.50 strike prices) and to replace those references with broader language, e.g., "existing strike prices".

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,7 in general, and Section 6(b)(5) of the Act,8 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, the Exchange believes that permitting the listing of more granular strikes on options overlying lower priced securities will provide investors with greater flexibility by allowing them to establish positions that are better tailored to meet their investment objectives.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its

6 See Supplementary Material .02(b) to Section 6 of Chapter IV of the BOX Rules.
The Exchange proposes to amend the Exchange's Fee Schedule to: (i) increase the number of options to be included in the Exchange's current schedule of transaction fees and rebates for adding and removing liquidity; (ii) increase the Sector Index Options Fees assessed on Registered Options Traders (on-floor) and Specialists from $3.00 to $3.50; (iii) make other clarifying technical amendments to the Fee Schedule.

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative for transactions settling on or after April 1, 2010.


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