

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * 15	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2012 - * 007	Amendment No. (req. for Amendments *)
Proposed Rule Change by NASDAQ OMX BX, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934			
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/> Section 19(b)(3)(A) * <input checked="" type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>  <div style="text-align: center;">Rule</div> <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>	
<b>Description</b> Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; min-height: 40px;">Proposal to amend the BOX Trading Rules to permit Customer Cross Orders.</div>			
<b>Contact Information</b> Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.			
First Name *	Maura	Last Name *	Looney
Title *	Associate Vice President		
E-mail *	maura.looney@nasdaqomx.com		
Telephone *	(617) 235-2073	Fax	<input type="text"/>
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934,  has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.			
Date	01/26/2012		
By	Maura Looney <small>(Name *)</small>	Associate Vice President BOXR <small>(Title *)</small>	
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.			
<div style="border: 1px solid gray; background-color: #cccccc; padding: 5px; display: inline-block;">Maura A. Looney,</div>			

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information (required)**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change (required)**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of Proposed Rule Change

a) NASDAQ OMX BX, Inc. (the “Exchange”) proposes to amend Chapter V, Section 14(c) (Doing Business on BOX - Order Entry) and Supplementary Material .01 to Chapter V, Section 17 (Customer Orders), of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to permit Customer Cross Orders. The text of the proposed rule change is attached as Exhibit 5.

b) Not applicable to application of any other Exchange rule.

c) Not applicable.

Item 2. The Procedures of the Self-Regulatory Organization

The proposed rule change has been approved by Boston Options Exchange Regulation, LLC (“BOXR”) and BOX Committee of the Exchange Board of Directors pursuant to authority delegated by the Exchange.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a) Purpose

Chapter V, Section 14(c) of the BOX Rules designates the order types that may be submitted to the Trading Host. The purpose of this proposal is to amend the definition of Order Entry to include Customer Cross Orders. In particular, the Exchange proposes to add the definition of a Customer Cross Order as new Section 14(c)(vii), specifying that a Customer Cross Order is comprised of a non-Professional, Public Customer Order to buy and a non-Professional, Public Customer Order to sell at the same price and for the same quantity. The Exchange also proposes to specify that Customer Cross Orders be automatically executed upon entry provided that the execution is between the best bid and offer on BOX (“BBO”) and will not trade-through the national best bid or offer (“NBBO”).

The proposed rule also specifies that Customer Cross Orders entered at a price that is outside the BBO or the NBBO will be automatically canceled, and that Customer Cross Orders may only be entered in the regular trading increments applicable to the options class under Chapter V, Section 6 of the BOX Rules.

Finally, the proposal specifies that Supplementary Material .01 to Chapter V, Section 17 of the BOX Rules, which prohibits an Options Participant from being a party to any arrangement designed to circumvent the requirements applicable to executing agency orders as principal, applies to the entry and execution of Customer Cross Orders. In this respect, the Exchange proposes to amend Supplementary Material .01 to Chapter V, Section 17 to specifically reference affiliates of Options Participants, which is consistent with how BOX has interpreted the provision.

b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b) of the Act,<sup>1</sup> in general, and Section 6(b)(5) of the Act,<sup>2</sup> in particular. Specifically, the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to facilitate 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 the proposed rule change provides for the efficient entry and execution of Customer Cross Orders while also protecting orders at the best prices on the BOX Book.

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

<sup>2</sup> 15 U.S.C. 78f(b)(5).

The Exchange notes that a similar filing proposed by the International Securities Exchange, LLC (“ISE”) became effective July 7, 2009.<sup>3</sup> The Exchange would like to similarly offer BOX Options Participants the opportunities associated with Customer Cross Orders. BOX believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the effective ISE filing.

Item 4. 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.

Item 5. 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.

Item 6. Extension of Time Periods for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) This proposed rule change is filed pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act<sup>4</sup> and Rule 19b-4(f)(6) thereunder.<sup>5</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 60253 (July 7, 2009) 74 FR 34063 (July 14, 2009) (SR-ISE-2009-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Customer Cross Orders).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

(b) This 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 terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.<sup>6</sup>

A similar filing proposed by the International Securities Exchange, LLC (“ISE”) became effective July 7, 2009.<sup>7</sup> The Exchange would like to similarly offer BOX Options Participants the opportunities associated with Customer Cross Orders. BOX believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the effective ISE filing.

At any time within 60 days of the filing of the 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.

Item 8. Proposed Change Based Upon Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on ISE Rules 715(i) (Customer Cross Orders) and 721(a) (Crossing Orders). The Exchange notes, however, that ISE Rule 721 permits executions of Crossing Orders at the best bid or offer on the ISE and the ISE retains priority on its limit order book for certain customers. By contrast, the BOX proposed

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<sup>6</sup> As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change along with a brief description and the 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.

<sup>7</sup> See Securities Exchange Act Release No. 60253 (July 7, 2009) 74 FR 34063 (July 14, 2009) (SR-ISE-2009-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Customer Cross Orders).

rule change permits executions of Customer Cross orders only at prices between the best bid and offer on BOX, and orders on the BOX Book are executed based on price/time priority as set forth in Chapter V, Section 16 of the BOX Rules.

Item 9. Exhibits

1. Form of Notice of the Proposed Rule Change for Publication in the Federal Register.
5. Text of the Proposed Rule Change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-BX-2012-007

\_\_\_\_\_, 2012

Self-Regulatory Organizations; NASDAQ OMX BX; Notice of Filing and Immediate Effectiveness of a Proposal to Permit Customer Cross Orders on BOX

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 26, 2012, NASDAQ OMX BX (the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as constituting a non-controversial rule change under Rule 19b-4(f)(6) under the Act,<sup>3</sup> 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend Chapter V, Section 14(c) (Doing Business on BOX - Order Entry) and Supplementary Material .01 to Chapter V, Section 17 (Customer Orders), of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to permit Customer Cross Orders.

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

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 aspects of such statements.

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

1. Purpose

Chapter V, Section 14(c) of the BOX Rules designates the order types that may be submitted to the Trading Host. The purpose of this proposal is to amend the definition of Order Entry to include Customer Cross Orders. In particular, the Exchange proposes to add the definition of a Customer Cross Order as new Section 14(c)(vii), specifying that a Customer Cross Order is comprised of a non-Professional, Public Customer Order to buy and a non-Professional, Public Customer Order to sell at the same price and for the same quantity. The Exchange also proposes to specify that Customer Cross Orders be automatically executed upon entry provided that the execution is between the best bid and offer on BOX ("BBO") and will not trade-through the national best bid or offer ("NBBO").

The proposed rule also specifies that Customer Cross Orders entered at a price that is outside the BBO or the NBBO will be automatically canceled, and that Customer Cross Orders may only be entered in the regular trading increments applicable to the options class under Chapter V, Section 6 of the BOX Rules.

Finally, the proposal specifies that Supplementary Material .01 to Chapter V, Section 17 of the BOX Rules, which prohibits an Options Participant from being a party to any arrangement

designed to circumvent the requirements applicable to executing agency orders as principal, applies to the entry and execution of Customer Cross Orders. In this respect, the Exchange proposes to amend Supplementary Material .01 to Chapter V, Section 17 to specifically reference affiliates of Options Participants, which is consistent with how BOX has interpreted the provision.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b) of the Act,<sup>4</sup> in general, and Section 6(b)(5) of the Act,<sup>5</sup> in particular. Specifically, the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to facilitate 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 the proposed rule change provides for the efficient entry and execution of Customer Cross Orders while also protecting orders at the best prices on the BOX Book.

The Exchange notes that a similar filing proposed by the International Securities Exchange, LLC (“ISE”) became effective July 7, 2009.<sup>6</sup> The Exchange would like to similarly offer BOX Options Participants the opportunities associated with Customer Cross Orders. BOX believes that this proposed rule change, which is essential for competitive purposes and to

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<sup>4</sup> 15 U.S.C. 78f(b).

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

<sup>6</sup> See Securities Exchange Act Release No. 60253 (July 7, 2009) 74 FR 34063 (July 14, 2009) (SR-ISE-2009-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Customer Cross Orders).

promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the effective ISE filing.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action Effectiveness Pursuant to Section 19(b)(2)

This proposed rule change is filed pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup> This 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 terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.<sup>9</sup>

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

<sup>9</sup> As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change along with a brief description and the 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.

A similar filing proposed by the International Securities Exchange, LLC (“ISE”) became effective July 7, 2009.<sup>10</sup> The Exchange would like to similarly offer BOX Options Participants the opportunities associated with Customer Cross Orders. BOX believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the effective ISE filing.

At any time within 60 days of the filing of the 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-2012-007 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.

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<sup>10</sup> See Securities Exchange Act Release No. 60253 (July 7, 2009) 74 FR 34063 (July 14, 2009) (SR-ISE-2009-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Customer Cross Orders).

All submissions should refer to File Number SR-BX-2012-007. 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, on official business days between the hours of 10 a.m. and 3 p.m., located at 100 F Street, NE, Washington, DC 20549. 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 available publicly.

All submissions should refer to File Number SR-BX-2012-007 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>11</sup>

Kevin M. O'Neill,  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New language  
[deleted language]

**Boston Options Exchange Group LLC**

\* \* \* \* \*

**CHAPTER V. DOING BUSINESS ON BOX**

\* \* \* \* \*

**Sec. 1 through 13** No change.

**Sec. 14 Order Entry**

(a) through (b) No change.

(c) The following types of orders may be submitted to the Trading Host:

i. – vi. No change.

vii. Customer Cross Order. A Customer Cross Order is comprised of a non-Professional, Public Customer Order to buy and a non-Professional, Public Customer Order to sell at the same price and for the same quantity. Customer Cross Orders are automatically executed upon entry provided that the execution is between the best bid and offer on BOX and will not trade through the NBBO.

1) Customer Cross Orders will be automatically canceled if they cannot be executed.

2) Customer Cross Orders may only be entered in the regular trading increments applicable to the options classes under Chapter V, Section 6 of the BOX Rules.

3) Supplementary Material .01 to Chapter V, Section 17 applies to the entry and execution of Customer Cross Orders.

A) through G) No change.

(d) through (i) No change.

\* \* \* \* \*

**Sec. 17 Customer Orders and Order Flow Providers**

(a) through (c) No change.

**Supplementary Material to Section 17**

.01 This Section prevents an Options Participant executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on BOX an opportunity to trade with the agency order pursuant to Section 18 (Price Improvement Period) or Section 31 (Block Trades) of this Chapter V. However, BOXR recognizes that it may be possible for an Options Participant to establish a relationship with a Customer or other person (including affiliates) to deny agency orders the opportunity to interact on BOX and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of this Section for an Options Participant to circumvent this Section by providing an opportunity for a Customer or other person (including affiliates) to execute against agency orders handled by the Options Participant immediately upon their entry into the Trading Host.

.02 through .04 No Change.

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