

The BOX Book's matching system algorithm permits orders originated by a Participant to execute against other orders from the same Participant on the same basis as orders from other Participants. In the BOX Book's handling of displayed orders, which is based on strict price-time priority, a Participant could receive an execution against itself, and under the Exchange's Rules, the Participant would not know that it was the contra-side of the trade at the time of execution. BOX does, however, permit a Participant to prevent its incoming orders from being executed against its own trading interest. Specifically, Participants have the ability to use Participant match trade prevention. A Participant may direct that its Market Maker or Principal Orders entered on BOX not execute against its own Market Maker quotes or orders, or its Principal Orders that are resting on the BOX Book. In such a case, the quantity of the incoming order that would otherwise trade against the quote/order from the same Participant will be cancelled back to the entering party.¹¹

b. Rule 10b-10

Rule 10b-10 under the Exchange Act generally requires broker-dealers effecting a customer transaction in securities (other than U.S. savings bonds or municipal securities)¹² to provide a written notification to its customer, at or before completion of a securities transaction, that discloses information specific to the transaction. In particular, under Rule 10b-10(a)(2)(i)(A), when a broker-dealer acts as agent for a customer, some other person, or for both the customer and some other person, the broker-dealer must disclose "[t]he name of the person from whom the security was purchased, or to whom it was sold, for such customer or the fact that the information will be furnished upon written request of such customer" (the "Contra-Party Identity Requirement").

III. Relief Sought

As explained in the Application, trades are executed with total anonymity on BOX, where the identity of the actual contra-party is not revealed when the trade is executed, except with respect to Directed Orders.¹³ Because of this, Participants will not know the identity of the party to whom they sold securities or from whom they purchased securities. Without this information,

Participants would not be able to comply with the Contra-Party Identity Requirement of Rule 10b-10. To permit Participants to utilize BOX without violating Rule 10b-10, the Exchange, on behalf of such Participants, is seeking an exemption under Rule 10b-10(f), from the Contra-Party Identity Requirement of Rule 10b-10 when Participants execute transactions on BOX, as described in the Application.

IV. Conclusion

Based on the facts and representations contained in the Application, we find that it is appropriate and in the public interest and consistent with the protection of investors to grant the Exchange, on behalf of its Participants, a limited exemption from the Contra-Party Identity Requirement in Rule 10b-10(a)(2)(i)(A).

It is hereby ordered, pursuant to Rule 10b-10(f) of the Exchange Act, that Exchange Participants, based on the representations and facts contained in the Application, are exempt from the requirements of Rule 10b-10(a)(2)(i)(A) of the Exchange Act, to the extent that Participants execute trades for their customers on the Exchange using the BOX Trading System. This exemption is limited to trades that Participants execute on BOX using the post trade anonymity feature described in the Application.¹⁴

The foregoing exemption is subject to modification or revocation if at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a Closed Meeting on Tuesday, May 15, 2012 at 2:00 p.m.

¹⁴ This exemption does not apply: (a) To orders routed to an away trading center for execution; (b) to Directed Orders; (c) under the situation described in note 3 *supra*; or (d) to the situation described in note 13 of the Application.

¹⁵ 17 CFR 200.30-3(32).

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions as set forth in 5 U.S.C. 552b(c)(4) and (8) and 17 CFR 200.402(a)(4) and (8), permit consideration of the scheduled matter at the Closed Meeting. Certain staff members who have an interest in the matter also may be present.

Commissioner Gallagher, as duty officer, voted to consider the item listed for the Closed Meeting in closed session, and determined that no earlier notice thereof was possible.

The subject matter of the May 15, 2012 Closed Meeting will be an examination of a financial institution.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: May 15, 2012.

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission held a Closed Meeting on Saturday, May 12, 2012 at 11:00 a.m.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions as set forth in 5 U.S.C. 552b(c)(4) and (8) and 17 CFR 200.402(a)(4) and (8), permit consideration of the scheduled matter at the Closed Meeting. Certain staff members who have an interest in the matter also were present.

Commissioner Gallagher, as duty officer, voted to consider the item listed for the Closed Meeting in closed session, and determined that no earlier notice thereof was possible.

The subject matter of the May 12, 2012 Closed Meeting was an examination of a financial institution.

Dated: May 14, 2012.

Kevin M. O'Neill,
Deputy Secretary.

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¹¹ See Exchange Rule 7130(a)(4).

¹² Municipal securities are subject to the transaction confirmations requirements under Rule G-15 of the Municipal Securities Rulemaking Board.

¹³ See *supra* note 9.