



REGULATORY INFORMATION BULLETIN

RB-04-02
January 12, 2004

TO: ALL MEMBERS, MEMBER ORGANIZATIONS AND ETP HOLDERS

FROM: ENFORCEMENT DEPARTMENT

SUBJECT: DISCIPLINARY SANCTIONS IMPOSED

This Regulatory Information Bulletin advises Members, Member Organizations and ETP Holders of certain final disciplinary actions that resulted in the imposition of sanctions for violations of the federal securities laws and the Constitution and Rules of the Exchange.

A. Disciplinary Sanctions Imposed From October 1, 2003 Through December 31, 2003

OPTIONS:

The Exchange Regulatory Staff resolved the following matters pursuant to the Minor Rule Plan:

- OS0209183 A Member was fined \$1,000 for failing to exercise due diligence by failing to represent a marketable order immediately and continuously. (PCX Rule 6.46(a) and Commentary .05.)
- OS0209183 An employee of a Member Firm was fined \$2,500 for failing to honor his firm quote guarantee for a customer order. (PCX Rule 6.86(c)(1).)
- OS0306115 A Member was fined \$100 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0209062 A Member was fined \$1,000 for failing to exercise due diligence by failing to represent a marketable order immediately and continuously. (PCX Rule 6.46(a) and Commentary .05.)
- OS0309162 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0308058 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0308056 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)

The Ethics and Business Conduct Committee resolved the following matters through the rendering of Decisions accepting Offers of Settlement and Consent:

- OS0201072/
OS0205021 ABN AMRO INCORPORATED consented to censure and a fine of \$2,500 for failing to maintain adequate procedures and controls to effectively monitor and supervise the entry of electronic orders by its clients to prevent violations of the 15-second unbundling rule pursuant to PCX Rule 6.87(d). (PCX Rule 6.87(c)(4).)
- OS0304071 SLK-HULL DERIVATIVES LLC consented to censure and a fine of \$3,500 for failing to hold an opening rotation for options issues promptly after the opening of the underlying security. (PCX Rule 6.64(b).)
- OS0011174 EMILY TAYLOR consented to censure and a fine of \$5,000 for selling all or part of an options order that she was representing to a Lead Market Maker (LMM) even though (1) the LMM did not respond after Emily Taylor announced the order and (2) the trade was done between the LMM's disseminated bid and offer. (Article XI, Section 2(b) of PCX Constitution and PCX Rule 6.75(a) and (b).)

Questions regarding disciplinary sanctions may be directed to Kathryn Beck, General Counsel, Chief Regulatory

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Officer, and Corporate Secretary, at (415) 393-7936.