



RULE
ADOPTION
NOTICE

RAN-01-20
April 9, 2001

TO: All PCX Member and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Rules Relating to Prohibition of Harassment
(File No. SR-PCX-01-11)

On March 29, 2001, the Securities and Exchange Commission ("SEC") approved an Exchange rule proposal relating to Prohibition of Harassment. The filing serves to provide the Commission with Exchange statements of Fiduciary Responsibilities of the Members of the Board of Governors, Fiduciary Responsibilities of Committee Members and Floor Governors and portions of the PCX Employee Handbook. These statements reflect the Exchange's policy prohibiting its Governors, Committee Members, employees, officers, directors, and other officials or agents from engaging directly or indirectly in any conduct that threatens, harasses, intimidates, constitutes a refusal to deal or retaliates against any member, employee of a member or any other market participant because such member:

- 1) has made a proposal to any exchange or other market to list or trade any option issue;
- 2) has advocated or made proposals concerning the listing or trading of an option issue on any exchange or other market;
- 3) has commenced making a market in or trading any option issue on any exchange or other market;
- 4) seeks to increase the capacity of any options exchange or the options industry to disseminate quote or trade data;
- 5) seeks to introduce new option products; or
- 6) acts or seeks to act competitively.

Pursuant to this rule change, the prohibited conduct discussed above has been deemed to be inconsistent with the obligation of all Governors, Committee Members, employees, officers, directors, and other officials or agents in their responsibilities to the Exchange and the public interest in the operation of fair and efficient options markets. The PCX will strictly enforce the requirements of the proposed rule.

Following is the text of the rule change that the SEC has approved. Questions regarding this notice may be addressed to Hassan Abedi, Attorney, at (415) 393-5958.

EXHIBIT A

Change to Statement of Fiduciary Responsibilities for Governors and Committee Members:¹

Governors, Committee Members, and Floor Officials are prohibited from engaging, directly or indirectly, in any conduct that threatens, harasses, intimidates, constitutes a “refusal to deal” or retaliates against any member, member organization or associated person of a member or member organization because such member, member organization or associated person of the member or member organization:

(1) has made a proposal to any exchange or other market to list or trade any option issue;

(2) has advocated or made proposals concerning the listing or trading of an option issue on any exchange or other market;

(3) has commenced making a market in or trading any option issue on any exchange or other market;

(4) seeks to increase the capacity of any options exchange or the options industry to disseminate quote or trade data;

(5) seeks to introduce new option products; or

(6) seeks to act competitively.

¹ New text is underscored.

EXHIBIT B

Change to Employee Handbook:²

Employees, officers, directors, and other officials or agents of the Exchange are prohibited from engaging, directly or indirectly, in any conduct that threatens, harasses, intimidates, constitutes a “refusal to deal” or retaliates against any member, member organization or associated person of a member or member organization because such member, member organization or associated person of the member or member organization:

(1) has made a proposal to any exchange or other market to list or trade any option issue;

(2) has advocated or made proposals concerning the listing or trading of an option issue on any exchange or other market;

(3) has commenced making a market in or trading any option issue on any exchange or other market;

(4) seeks to increase the capacity of any options exchange or the options industry to disseminate quote or trade data;

(5) seeks to introduce new option products; or

(6) seeks to act competitively.

² New text is underscored.