



RULE
ADOPTION
NOTICE

RAN-02-28
August 2, 2002

TO: All PCX Members and Member Organizations
FROM: Department of Regulatory Policy
SUBJECT: Automatic Execution of Broker-Dealer Orders
(File No. SR-PCX-2002-50)

On June 27, 2002, the Exchange filed a proposed rule change with the Securities and Exchange Commission regarding automatic execution of broker-dealer orders in designated issues. The rule provides that broker-dealer orders that are for the lesser of five contracts or the Exchange's disseminated size will be eligible for automatic execution on the Exchange's Auto-Ex System in option issues that are ranked in the 120 most actively traded equity options. This Rule change will become operative on August 28, 2002. The following is the text of the rule change. Questions regarding this bulletin may be directed to Mai Shiver at (415) 393-4266.

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EXHIBIT A
Text of the Rule Change:¹

¶ 5231 Automatic Execution System

Rule 6.87(a) – No change.

(b) Eligible Orders

(1)– No change

(2) Notwithstanding subsection (1), above, broker-dealer orders for the lesser of five contracts or the Exchange's disseminated size are eligible for automatic execution on the Exchange's Auto-Ex System in option issues that are ranked in the 120 most actively traded equity options based on the total number of contracts traded nationally for a specified month based on volume as reported by the Options Clearing Corporation.

¹ New text is underscored; deleted text is bracketed.

(3) [(2)] If [the OFTC permits] broker-dealer orders are eligible to be automatically executed in an issue pursuant to this Rule, then the OFTC [it] may also permit the following with respect to such orders:

(A)-(C) – No change.

(4)-(7) [(3)-(6)] – No change.

(c)-(e) - No change.