



RULE  
ADOPTION  
NOTICE

**RAN-02-30**  
**August 29, 2002**

**TO: All PCX Members and Member Organizations**

**FROM: Department of Regulatory Policy**

**SUBJECT: New Rule on Adding Strike Prices  
(File No. SR-PCX-2002-51)**

On August 23, 2002, the Securities and Exchange Commission approved a rule change allowing the Exchange to add new series of options when such series are available for trading on one or more competing options exchanges and the underlying security met the market price per share requirements at the time that a competing exchange added such series. This rule change is effective immediately. The following is the text of the rule change. You may direct questions regarding this Notice to Mai Shiver at (415) 393-4266.

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#### **EXHIBIT A**

#### **Text of the Rule Change:<sup>1</sup>**

#### **¶ 3597 Withdrawal of Approval of Underlying Securities**

Rule 3.7(a) – (b) - No change.

Commentary:

.01 –No change.

.02 In connection with Rule 3.7(a) and Commentary .01.3 thereto, the Exchange shall direct that no additional series of options contracts of the class covering an underlying security be opened at any time when the market price per share of the subject underlying security is less than \$3.00. Subject to Paragraph 3 of Commentary .01 above, the market price per share of the underlying security will be determined as follows:

1. for intra-day series additions, the last reported trade in the primary market in which the security is traded at the time the Exchange determines to add these additional series intra-day;

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<sup>1</sup> New text is underscored.

2. for next-day series additions, the closing price reported in the primary market in which the security is traded on the last trading day preceding the day on which such series additions are authorized; and

3. for expiration series additions, the closing price reported in the primary market in which the security is traded on the last trading day preceding expiration Friday.

Notwithstanding this Commentary .02, the Exchange may add series of options covering an underlying security when such series are available for trading on one or more other options exchanges provided that the underlying security met the market price per share requirements at the time that such series were added by a competing exchange.

.03 -.11 – No change.