



RULE
ADOPTION
NOTICE

RAN-02-31
September 17, 2002

TO: All PCX Members and Member Organizations
FROM: Department of Regulatory Policy
SUBJECT: Designation of Arbitrators
(File No. SR-PCX-2002-33)

On September 5, 2002, the Securities and Exchange Commission approved a rule change regarding the Designation of Arbitrators on the Exchange. The following is the text of the rule change. You may direct questions regarding this Notice to Pete Bloom at (415) 393-4166.

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EXHIBIT A

PACIFIC EXCHANGE, INC.

RULES OF THE BOARD OF GOVERNORS

Text of the Rule Change:¹

**Rule 12
Arbitration**

Designation of [Number of] Arbitrators

Rule 12.8(a) – (d) – No change.

(e) Member Controversies. [(1)] In all arbitration matters not involving public customers[,] and where the matter in controversy involves an amount that is \$30,000 or less (exclusive of interest and costs), the Director of Arbitration [shall] will appoint an arbitration panel composed of one securities industry arbitrator unless the parties request and mutually agree to the appointment of a public arbitrator [assign the matter to a panel consisting of members of the Arbitration Committee]. If the amount involved in the controversy exceeds \$30,000 (exclusive of interest and costs), the Director of Arbitration will appoint an arbitration panel composed of three or five arbitrators from the securities industry unless the parties request and mutually agree to a different panel composition. [Such] [m]Members of the arbitration panel will [shall] not be affiliated with any of the parties to the controversy or have any interest in the

¹ New text is underscored. Deleted text is bracketed.

matter to be heard. [For controversies involving an amount of \$10,000 or less, the panel shall consist of one (1) member. For all other controversies, the panel shall consist of three (3) members.]

Commentary:

.01 – No change.

(f) – No change.