



RULE
ADOPTION
NOTICE

RAN-03-11
March 14, 2003

**TO: All PCX Members and Member Organizations
ETP Holders and Sponsored Participants**

FROM: Department of Regulatory Policy

**SUBJECT: Archipelago Exchange Timed Order Modifications
(File No. SR-PCX-2003-10)**

On March 3, 2003 the Pacific Exchange, Inc., through its wholly owned subsidiary PCX Equities, Inc. ("PCXE") filed with the Securities and Exchange Commission a proposal to amend its rules governing the Archipelago Exchange ("ArcaEx") by: (1) amending PCXE Rule 7.34 (d) to clarify that a specific type of Limited Price Order; namely a Timed Order designated as good from 5 a.m. PST or good from 6:30 a.m. (PST) will be excluded from eligibility for execution during the Opening Auction and Market Order Auction, respectively; and (2) amending PCXE Rule 7.25(a) through (c) to exclude specified Timed Orders during the applicable auctions. On March 6, 2003 the Commission approved the PCX's proposed rule change.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Rhonda Y. Jones at (415) 393-5998.

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EXHIBIT A

Text of the Rule Change:¹

PCX Equities, Inc.

**Rule 7
Equities Trading**

Orders and Modifiers

Trading Sessions

Rule 7.34(a) – (c) – No change.

¹ New text is underscored; deleted text is in brackets.

(d) *Order Permitted in Each Session.*

(1) During the Opening Session:

(A) – (F) – No change.

(G) Limited Price Orders are eligible for execution during the Opening Session; provided, however, a Timed Order designated for the Opening Session and designated as good from 5:00 am (Pacific Time) is not eligible for execution during the Opening Auction. Similarly, a Timed Order designated for the Opening Session and designated as good from 6:30 am (Pacific Time) is not eligible for execution during the Market Order Auction

(H) – No change.

(2) – (3) – No change.

(e) – (f) – No change.

Opening Session Auctions

Rule 7.35(a) *Order Entry and Cancellation Before Opening Auction*

(1) – No change.

(2) Only Limited Priced Orders designated for the Opening Session will be eligible for the Opening Auction. However, a Limited Price Order designated for the Opening Session and entered as a Timed Order good from 5:00 am (Pacific Time), is not eligible for execution during the Opening Auction. Market orders entered before the Opening Auction or during the Opening Session will participate in the Market Order Auction. However, a Limited Price Order designated for the Opening Session and entered as a Timed Order good from 6:30 am (Pacific Time), is not eligible for execution during the Market Order Auction. Limited Price Orders, including Timed Orders, designated for the Core Trading Session and not designated for the Opening Session will become eligible for execution at the commencement of the Market Order Auction pursuant to Rule 7.35(c).

(3) – (4) – No change.

(b) *Opening Auction.*

(1) At 5:00 am (Pacific Time), Limited Priced Orders designated for the Opening Session are matched and executed in the Opening Auction; provided, however, a Limited Price Order designated for the Opening Session and entered as a Timed Order good from 5:00 am (Pacific Time), is not eligible for execution during the Opening Auction.

(2) – (3) – No change.

(4) A Limited Price Order designated for the Opening Session and entered as a Timed Order good from 6:30 am (Pacific Time) is not eligible for execution during the Market Order Auction.

(c) – (f) – No change.

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