



RULE
ADOPTION
NOTICE

RAN-03-28
October 15, 2003

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: PCX Plus Electronic Book Executions
(File No. SR-PCX-2003-56)

On October 6, 2003, the Exchange filed with the Securities and Exchange Commission a proposed rule change to amend PCX Rule 6.76(b)(4)(B)(ii), governing the Electronic Book Executions. The Exchange also proposed to amend PCX Rule 6.90(b) in order to modify the implementation date of PCX Plus. The proposed rule change became effective immediately upon filing, and was published in the Federal Register on October 15, 2003.

The following is the text of the rule changes. Questions regarding this bulletin may be directed to Tania Cho at (415) 393-4107.

EXHIBIT A
Text of the Proposed Rule Change:¹

Rules of the Board of Governors
of the
Pacific Exchange, Inc.

Rule 6
Options Trading

* * *

PCX Plus

Priority and Order Allocation Procedures

Rule 6.76(a) – No change.

(b)(1)-(3) – No change.

(4)(A) – No change.

¹

New text is underscored and deleted text is in brackets.

(B)(i) – No change.

(ii) – the balance of the Consolidated Book at that price will be displayed for three seconds (via a System Alert Message – SAM) to all “Crowd Participants” (as defined in Rule 6.1(b)(38)).

(a) A Floor Broker holding an order for an account in which such broker has an interest, the account of an associated person, or an account with respect to which the Floor Broker or an associated person thereof exercises investment discretion, shall not be eligible for participation in Electronic Book Executions.

(iii) – (v) – No change.

(5) – No change.

(c) – (d) – No change.

Commentary:

.01 – No change.

.02 For purposes of Rule 6.76(b)(4)(B)(ii), during the initial rollout of PCX Plus, the Floor Broker Hand Held terminals will not have the functionality to support Floor Broker interaction with EBEs via SAMs. Such functionality will become available to Floor Brokers on or before June 30, 2004. The PCX will file a proposed rule change with the Commission when the Floor Broker Hand Held terminals have such functionality.

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PCX Plus

Rule 6.90(a) – No Change.

(b) System Phase-In and Applicability of the Rules. The PCX estimates that the rules applicable to PCX Plus will be implemented gradually on an issue-by-issue basis beginning October 6, 2003 [December 15, 2003], and will become completely operative and applicable to all options issues by June 30, 2004. At that time, the rules relating to PCX Plus will supercede existing rule that are inapplicable to the new trading environment.

(c) – (h) – No change.

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