



## REGULATORY INFORMATION BULLETIN

**RB-03-01**  
**January 2, 2003**

**TO:** All DEA Members, Member Organizations and ETP Holders  
**FROM:** Financial & Operational Compliance Department  
**RE:** FOCUS Reports and Annual Compliance Forms

All registered broker-dealers for whom the Pacific Exchange is the Designated Examining Authority ("DEA") are required to file a FOCUS Report–Part IIA and a FOCUS Schedule I for the year ending December 31, 2002, including inactive broker-dealers. Broker-dealers subject to the SEC Net Capital Rule 15c3-1 are required to file a Quarterly FOCUS Report within 17 business days after the close of the calendar year pursuant to SEC Rule 17a-5. Broker-dealers exempt from the Net Capital Rule are required to file an Annual FOCUS Report no later than 60 days after the close of the calendar year pursuant to SEC Rule 17a-10.

The Exchange also requires DEA Members to file an **Annual Compliance Acknowledgement Form** regarding their primary business activities, registered personnel, and compliance with the Insider Trading & Securities Fraud Enforcement Act of 1988 ("ITSFEA"). The Annual Compliance form is required pursuant to PCX Options Rules 1.7(b)(9), 2.6(e), 2.12(a) and 4.25(b) or PCX Equities Rules 2.4(b)(10), 4.11(a), 6.3 and 6.18(b) and must be filed with each Member's year-end FOCUS filing. The Annual Compliance Form is due with 2002 year-end FOCUS filings as follows:

|   |
|---|
| <p><b>4<sup>th</sup> Quarter 2002 FOCUS Due Date – Monday, January 27, 2003</b><br/><b>2002 Annual FOCUS Due Date – Monday, March 3, 2003</b></p> |
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All Members, including ETP Holders of the Archipelago Exchange, are directed to send FOCUS Reports, FOCUS Schedule I, Annual Compliance Acknowledgement Forms, and Annual Audited Financial Statements to the following address:

Pacific Exchange, Inc.  
Financial & Operational Compliance Department  
115 Sansome Street, Suite 800  
San Francisco, CA 94104  
Tel (415) 835-4899 ? Fax (415) 391-0360

Reports must be "received" on or before the due date to be considered timely. Members should contact Financial & Operational Compliance staff to request forms via E-mail or U.S. mail. Compliance forms are available in Microsoft® Word, and the FOCUS Report–Part IIA and Schedule I are available in Microsoft® Excel. E-mail requests for forms can be directed to [esafran@pacificex.com](mailto:esafran@pacificex.com).

Pursuant to SEC Rule 17a-4, all financial records, supporting documents and worksheets used to prepare FOCUS Reports are required to be preserved for a period of not less than 3 years, the first 2 years in an easily accessible place. Exchange staff will review these records during a broker-dealer examination.

**The following is a schedule of financial report due dates for 2003:**

| <u>FOCUS Report</u>                  | <u>Due Date</u>               |
|--------------------------------------|-------------------------------|
| 2002 Annual FOCUS *                  | Monday, March 3, 2003         |
| 4 <sup>th</sup> Quarter 2002 FOCUS * | Monday, January 27, 2003      |
| 1 <sup>st</sup> Quarter 2003 FOCUS   | Thursday, April 24, 2003      |
| 2 <sup>nd</sup> Quarter 2003 FOCUS   | Thursday, July 24, 2003       |
| 3 <sup>rd</sup> Quarter 2003 FOCUS   | Thursday, October 23, 2003    |
| 4 <sup>th</sup> Quarter 2003 FOCUS * | Tuesday, January 27, 2004     |
| January 2003 FOCUS                   | Wednesday, February 26, 2003  |
| February 2003 FOCUS                  | Tuesday, March 25, 2003       |
| April 2003 FOCUS                     | Friday, May 23, 2003          |
| May 2003 FOCUS                       | Tuesday, June 24, 2003        |
| July 2003 FOCUS                      | Monday, August 25, 2003       |
| August 2003 FOCUS                    | Wednesday, September 24, 2003 |
| October 2003 FOCUS                   | Tuesday, November 25, 2003    |
| November 2003 FOCUS                  | Tuesday, December 23, 2003    |

\* FOCUS Schedule I and Annual Compliance Forms are also due with this filing.

All reports received by the Exchange after the filing due date or in an incomplete fashion will be considered late. Pursuant to PCX Options Rule 2.12(b)(1) and PCX Equities Rule 4.11(b), a Member that fails to file a FOCUS Report in a timely manner is subject to late filing charges as follows:

| <u>Number of Days Late</u> | <u>Amount of Charge</u> |
|----------------------------|-------------------------|
| 1-30                       | \$200                   |
| 31-60                      | \$400                   |
| 61-90                      | \$800                   |

Repeated or aggravated failure to file FOCUS Reports or failure to file such report for more than 90 days will be referred to the Business Conduct Committee for appropriate disciplinary action.

Members are also reminded that broker-dealers required to file Annual Audited Financial Statements pursuant to SEC Rule 17a-5(d) with a fiscal year ending December 31, 2002, must file their Annual Report with the Financial & Operational Compliance Department by **Monday, March 3, 2003**.

Questions regarding this bulletin should be directed to Eve R. Safran at (415) 393-4130 or Dagmara Hemsley at (415) 393-7884 in the Financial & Operational Compliance Department.