

# PCX EQUITIES

## REGULATORY INFORMATION BULLETIN

RBE-02-01  
April 12, 2002

**TO: All PCXE Market Maker ETP Holders**

**FROM: PCX Regulation Division**

**SUBJECT: Market Maker Requirement to Maintain Q Orders in ArcaEx**

The Pacific Exchange ("PCX") is issuing this bulletin to remind all Pacific Exchange Equities ("PCXE") Market Makers and Market Maker Authorized Traders ("MMATs") that they are required to maintain continuous, two-sided Q orders in those securities in which the Market Maker is registered to trade on the Archipelago Exchange ("ArcaEx"). This requirement is pursuant to PCXE Rule 7.23(a)(1).

This requirement must be satisfied during core trading hours on all days that the Archipelago Exchange ("ArcaEx") is open for business. Core trading begins at 9:30 a.m. and extends to 4:00 p.m. EST. The PCXE Surveillance Department utilizes an automated surveillance system to monitor for failure to maintain continuous two-sided Q-orders during these hours.

**If an MMAT experiences problems entering or maintaining Q Orders, he or she should immediately contact the ArcaEx Trading Operation Desk at (888) 513-9893.**

Violation of Rule 7.23(a) may subject Market Makers and MMATs to disciplinary action. In addition, all PCXE ETP Holders are reminded that ETP Holders must supervise all persons associated with them (see PCXE Rule 6.18). To fulfill this requirement, all firms must have written supervisory procedures and a system for applying those procedures. All supervisory procedures must be in writing. ETP Holders who supervise MMATs should have written procedures to address the firm's compliance with Rule 7.23(a)(1).

If you have any questions regarding this matter, please contact John Chapin, Director, Equities Surveillance at (312) 442-7790, Mathew Schurter, Regulatory Trading Official at (312) 442-7793, Theresa Gillerlain, Regulatory Trading Official at (312) 442-7174.