



REGULATORY INFORMATION BULLETIN

RB-04-04
May 5, 2004

TO: ALL MEMBERS, MEMBER ORGANIZATIONS AND ETP HOLDERS

FROM: ENFORCEMENT DEPARTMENT

SUBJECT: DISCIPLINARY SANCTIONS IMPOSED

This Regulatory Information Bulletin advises Members, Member Organizations and ETP Holders of certain final disciplinary actions that resulted in the imposition of sanctions for violations of the federal securities laws and the Constitution and Rules of the Exchange.

A. Disciplinary Sanctions Imposed From January 1, 2004 Through March 31, 2004

OPTIONS:

The Exchange Regulatory Staff resolved the following matters pursuant to the Minor Rule Plan:

- OS0202052 A Member Firm was fined \$2,500 for the failure of one of its employees to maintain an accurate record of orders. (PCX Rule 6.68(a).)
- OS0308283 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0310023 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0304041 A Member Firm was fined \$500 and \$1,000, for a total of \$1,500, for the failure of one of its employees to report a change in clearing information for several trades. (PCX Rule 6.66(a).)
- OS0306192 A Member Firm was fined \$1,000 for the actions of its employee, who disseminated quotes exceeding the maximum bid/ask differentials for several options (2nd violation). (PCX Rule 6.37(b).)
- OS0306192 A Member was fined \$1,000 for disseminating quotes exceeding the maximum allowable bid/ask differentials for several options (2nd violation). (PCX Rule 6.37(b).)
- OS0309161 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0310022 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0308054 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0361113 A Member was fined \$500 for reporting options transactions late (2nd violation). (PCX Rule 6.69(a).)
- OS0308281 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0303142 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0303141 A Member was fined \$250 for reporting options transactions late. (PCX Rule 6.69(a).)
- OS0206183 A Member Firm was fined \$500, \$1,000, and \$2,000, for a total of \$3,500, for the actions of its employees, including the execution of "not held" orders without designating the order tickets as "not held" and the incorrect marking of order tickets (1st and 2nd violations of PCX Rule 6.68(a)). (PCX Rules 2.12(a)/6.62(e) and 6.68(a).)

- OS0210211 A Member Firm was fined \$500 and \$2,500, for a total of \$3,000, for the actions of its employees, including the misrepresentation of an order and the incorrect marking of a buy ticket (3rd violation of PCX Rule 6.68(a)). (PCX Rules 6.66(c) and 6.68(a).)
- OS0307301 A Member was fined \$1,000 for failing to exercise due diligence by failing to continuously represent a marketable order. (PCX Rule 6.46(a) and Commentary .05.)
- OS0210292 A Member was fined \$500 for making unprofessional statements and acting in an indecorous manner on the trading floor. (PCX Rule 6.2(c)(2).)
- OS0304072 A Member was fined \$500 for failing to give priority to orders residing in the customer limit order book on two separate occasions. (PCX Rule 6.75.)
- OS0306111 A Member was fined \$1,000 for failing to give priority to an order residing in the customer limit order book (2nd violation). (PCX Rule 6.75.)

The Ethics and Business Conduct Committee resolved the following matters through the rendering of Decisions accepting Offers of Settlement and Consent:

- OS0210171 ISRAEL ENGLANDER & CO., INC. consented to censure and a fine of \$10,000 for the anti-competitive and harassing behavior of one of its employees. (PCX Rule 6.2(c)(2) and Article XI, Section 2(b) of PCX Constitution.)
- OS0110161 ALAN SONDAG consented to censure and a fine of \$12,000 for executing trades when he was not authorized to trade. (PCX Rules 4.4(a), 4.4(b), 6.2(a) and 6.2 Commentary .01.)

Questions regarding disciplinary sanctions may be directed to Kathryn Beck, General Counsel, Chief Regulatory Officer, and Corporate Secretary, at (415) 393-7936.