



REGULATORY INFORMATION BULLETIN

RAN-00-14
May 31, 2000

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

**SUBJECT: PCX Rule Change Creating PCX Equities, Inc.
(File No. SR-PCX-99-39)**

On May 5, 2000, the SEC approved a PCX rule change proposal to create a Delaware stock corporation, to be called PCX Equities, that will be a wholly-owned subsidiary of the PCX. Pursuant to the rule change, the PCX will transfer to PCX Equities all of the assets and liabilities that solely support the equities trading business and equities clearing business of the PCX. Upon restructuring, however, the PCX will continue to be the self-regulatory organization for PCX Equities. The rule change authorizes PCX Equities to issue Equity Trading Permits (ETPs) and Equity Automated Systems Access Permits (Equity ASAPs) that will entitle holders of the permits to trade equity securities on the newly-created PCX Equities.

Under the rule change, the Exchange will implement a nine-month rollout period during which equity specialists, floor brokers, their firms, and PCX seat holders may decide to convert to ETPs and current ASAP members can decide to convert to Equity ASAPs. In addition, during the rollout, member firms who intend to be equity clearing firms without having an ETP holder associated with them can decide to convert to Equity ASAPs.

The SEC's order approves: (a) the Certificate of Incorporation for PCX Equities; (b) the Bylaws for PCX Equities; (c) the Rules for PCX Equities; (d) changes to the PCX Constitution; and (e) changes to the PCX Rules.

Questions regarding this Bulletin may be directed to Kathryn Beck at (415) 393-7936 or Peter Bloom at (415) 393-4166. Requests for copies of the text of the rule change that the SEC has approved, and for copies of the SEC's order approving the rule change, should be directed to Regina Baker at (415) 835-4868.