

**RAN-00-31**  
**November 16, 2000**

**TO: PCX Members and Member Organizations**

**FROM: Department of Regulatory Policy**

**SUBJECT: Jurisdiction of the Ethics & Business Conduct Committee**  
**(File No. SR-PCX-00-12)**

On November 2, 2000, the SEC approved a PCX proposal to amend the PCX Constitution to codify a change to the jurisdiction of the Ethics and Business Conduct Committee (“EBCC”). The change grants the EBCC jurisdiction over the enforcement of rules and regulations relating to trading, order, decorum, health, safety and welfare on the trading floor. Following is the text of the amendment to the PCX Constitution. Questions regarding this Bulletin may be directed to Cindy Sink at (415) 393-7926.

### **Text of the Rule Change<sup>1</sup>**

#### **ARTICLE IV** **STANDING AND SPECIAL COMMITTEES OF THE EXCHANGE**

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#### **¶ 1312 Ethics and Business Conduct Committee**

SEC. 9(a). The Ethics and Business Conduct Committee shall, in accordance with the Rules of the Board of Governors, have jurisdiction to: (1) examine the business conduct and financial condition of members, member organizations, or persons associated with or employed by members or member organizations; (2) authorize the initiation of any disciplinary actions or proceedings brought by the Exchange; (3) conduct hearings and render decisions in summary disciplinary actions and proceedings; and (4) impose appropriate sanctions of expulsion, suspension, fine, censure or any other fitting sanctions where the Committee finds that a violation within the disciplinary jurisdiction of the Exchange has been committed.

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<sup>1</sup> New text is underscored; deleted text is in brackets.

(b) The jurisdiction of this Committee shall not extend to the enforcement of rules and regulations of the Floor Trading Committees relating to trading, order, decorum, health, safety, and welfare on the trading floors, or to hearings held by and sanctions imposed by such committees relating to such matters.]

(b)(c) This Committee shall have authority, whenever it appears that a member organization is in violation of Rule 2, to direct a representative of such member organizations to appear before the Committee for examination upon forty-eight hours notice, either orally or in writing. After such examination, the Committee shall have authority to suspend such member organization until the requirements of Rule 2 are fully met. Any such suspension directed by the Committee shall be subject to review by the Board. Such review shall not operate as a stay of the suspension unless specifically allowed by the Board. In the event of a reversal of the suspension imposed by the Committee, a member organization or officer, partner, director, stockholder, or representative shall be prohibited from instituting a lawsuit in any forum against the Exchange or the members of the Committee, based in whole or in part upon the suspension imposed by the Committee.

(c)(d) The Committee may require the production of detailed financial reports of a member or a member organization, and such other operational reports as it may deem relevant.