



RULE
ADOPTION
NOTICE

RAN-01-31
July 5, 2001

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Auto-Ex Book Function
(File No. SR-PCX-00-03)

On June 22, 2001, the SEC approved a PCX rule change proposal to implement a new feature of POETS—the Auto-Ex Book function—which will permit LMM’s to cause orders in the Exchange’s limit order book to be automatically executed (via Auto-Ex) when those orders become marketable. The rule change is subject to a one-year pilot program.

Following is the text of the rule change that the SEC has approved. Questions regarding this bulletin may be directed to Michael Pierson at (415) 393-4107.

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Text of the Rule Change:¹

¶5231 Automatic Execution System

Rule 6.87(a) – (k) – No change.

(l) Auto-Ex Book Function

(1) The Auto-Ex Book function of POETS will permit orders in the Limit Order Book to be executed via the Auto-Ex system when those orders become marketable, subject to the following procedures:

(A) When one or more orders in the Limit Order Book become marketable, as indicated by a locked or crossed market being displayed on the trading floor, the LMM may direct the OBO to initiate the Auto-Ex Book function, which will cause marketable orders in the Limit Order Book to be

¹ New text is underscored.

automatically executed against the accounts of market makers who are participating on the Auto-Ex system at the time.

(2) The Auto-Ex Book function is subject to a one-year pilot program, which is set to expire on June 22, 2002.