



RULE  
ADOPTION  
NOTICE

**RAN-02-02**  
**January 28, 2002**

**TO: All PCX Members and Member Organizations**

**FROM: Department of Regulatory Policy**

**SUBJECT: Composition of the PCX Board of Governors**  
**(File No. SR-PCX-2001-45)**

On January 17, 2002 the Securities and Exchange Commission approved the PCX's Constitutional amendment and rule change to clarify that inactive lessors<sup>1</sup> are eligible to serve on the Exchange's Board of Governors.

Following is the text of the rule change that the SEC approved. Questions regarding this bulletin may be directed to Cindy Sink at (415) 393-7926.

**Text of the Rule Change:<sup>2</sup>**  
**ELIGIBILITY OF GOVERNORS**

**Article III**  
**Eligibility of Governors**

SEC. 2(b). Any member, allied member or person who is an officer or director of the parent or subsidiary corporation of a member firm, or a general partner in a partnership which owns or is wholly owned by a member firm, or an officer or director of a member firm or of a participant firm of any subsidiary of the Exchange performing depository or clearing functions, or an officer, director or general partner of the parent or a subsidiary corporation of such clearing member firm or depository participant firm, or any inactive lessor or any person not affiliated with a broker or dealer in securities is eligible to be elected as a member of the Board of Governors. Of the Governors, in each of the classes specified in Sec. 2(a), above, at least one shall be a member of the Exchange, at least one shall be an office member or office allied member of the Exchange, and at least three shall be representatives of the public and shall not be, or be affiliated with, a broker or dealer in securities. There shall be at least two floor members

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<sup>1</sup> An "inactive lessor" is defined in the PCX Constitution as: "a natural person, firm or other such entity as the Board may approve, who owns or inherits a membership for the sole purpose of acting as a lessor."

<sup>2</sup> New text is underscored.

on the Board at all times, one of which shall be an Equity Trading Permit Holder, and Equity-ASAP Holder or an Allied Person of an ETP Firm or an Equity ASAP Holder.

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### **Inactive Lessor**

Rule 1.1(h). *Inactive Lessor*: The term “inactive lessor” shall refer to a natural person, firm or other such entity as the Board may approve, who owns or inherits a membership for the sole purpose of acting as a lessor. For purposes of the composition of the Board of Governors, inactive lessors are not deemed to be representatives of the public.