



RULE  
ADOPTION  
NOTICE

**RAN-02-14**  
**June 4, 2002**

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

**FROM: Department of Regulatory Policy**

**SUBJECT: Firm Quote Size for Customer Orders**  
**File No. SR-PCX-2002-30**

On June 4, 2002 the Securities and Exchange Commission approved a PCX proposal to amend its rules relating to the firm quote size applicable to disseminated market quotes for customer orders entered on the Exchange. Specifically, the Exchange will make a system change to allow the true size of customer orders in the limit order book to be disseminated over OPRA as the PCX firm quote size whenever such orders represent the best bid or offer on the Exchange.

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

## **EXHIBIT A**

### **PACIFIC EXCHANGE, INC.**

#### **RULES OF THE BOARD OF GOVERNORS**

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

**¶5221**

##### **Firm Quotes**

Rule 6.86(a) – (b) – No change.

(c) Obligations of Responsible Brokers or Dealers

(1) *Customer Orders*. Except as provided in subsection (d), below, each Responsible Broker or Dealer is obligated to execute any customer order in a listed option series in an amount up to the quotation size established by rule and periodically

---

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

published by the Exchange. The minimum quotation size established by rule and published by the Exchange for customer orders will be one contract [20 contracts] for each option series.

(A) Dissemination of the Size of Orders in the Limit Order Book. If one or more orders in the limit order book represent the best bid or offer on the Exchange, then the Exchange will disseminate via OPRA the aggregate size of such order or orders as the firm quote size for which the Responsible Broker or Dealer will be firm. In such circumstances:

(i) If one or more additional limit orders at the same price to buy or sell the same series of option contracts are entered into the limit order book for representation on the Exchange, then the firm quote size then being disseminated in that series will be automatically increased to reflect the adjusted size of such orders in the limit order book at that price; and

(ii) If the number of contacts in the limit order book at the same price to buy or sell the same series of option contracts has been reduced because of an execution or cancellation of one or more orders in the limit order book, then the firm quote size then being disseminated in that series will be automatically decreased to reflect the adjusted size of such orders in the limit order book at that price.