



RULE
ADOPTION
NOTICE

RAN-03-14
May 16, 2003

TO: All PCX Members and Member Organizations
FROM: Department of Regulatory Policy
SUBJECT: Market Maker Firm Quotation Size
(File No. SR-PCX-2003-12)

On March 21, 2003 the Pacific Exchange, Inc. filed with the Securities and Exchange Commission a proposed rule change to amend its rules governing firm quotation in order to provide that all PCX quotations will be firm for all incoming customer and broker-dealer orders for their full disseminated size pursuant to PCX Rule 6.86(b)(2). On April 1, 2003, the Commission Noticed the filing and the proposed rule change became effective upon filing. The following is the text of the rule change. Questions regarding this bulletin may be directed to Mai Shiver at (415) 393-4266.

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Exhibit A

Text of the Rule Change¹

PACIFIC EXCHANGE, INC

RULES OF THE BOARD OF GOVERNORS

Firm Quotes

Rule 6.86.(a) – No change.

(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 be firm for all incoming orders [execute any customer order] in a listed option series in an amount up to the full disseminated [quotation] size [established by rule and periodically published by the Exchange. The minimum quotation size established by rule and published by the Exchange for customer orders will be the one contract for each option series].

¹New text is underscored, deleted text is indicated in brackets.

(A) – No change.

(2) *Broker-Dealer Orders*. Except as provided in subsection (d), below each Responsible Broker or Dealer is obligated to be firm for all incoming orders [execute in any order] in a listed option for the account of a broker or dealer in an amount up to the disseminated [quotation] size [established by rule and periodically published by the Exchange. The minimum quotation size established by rule and published by the Exchange for broker-dealer orders will be one contract for each option series].

(3) – No change.

(d) – No change.

Commentary:

.01 – .03 – No change.

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