



RULE
ADOPTION
NOTICE

RAN-03-29
October 24, 2003

**TO: All PCX Members and Member Organizations
ETP Holders and Sponsored Participants**

FROM: Department of Regulatory Policy

**SUBJECT: ArcaEx Fixed Income Exchange Traded Funds
(File No. SR-PCX-2003-41)**

On September 2, 2003, the Pacific Exchange, Inc. ("PCX" or "Exchange"), through its wholly owned subsidiary PCX Equities, Inc. ("PCXE") filed with the Securities and Exchange Commission a proposal to amend PCXE Rule 5.2(j)(3) to permit trading, either by listing or pursuant to unlisted trading privileges, certain fixed income Exchange Traded Funds. On October 14, 2003, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission approved the proposal on October 20, 2003, as amended.

The following is the text of the rule changes. Questions regarding this bulletin may be directed to Tania Cho at (415) 393-4107.

Exhibit A

Text of the Proposed Rule Change¹

Rules of PCX Equities, Inc.

Rule 5

LISTINGS

* * *

Investment Company Units

Rule 5.2(j)(3) – No change.

(A) Original Unit Listing Standards

(i) The Investment Company must:

¹

New text is underscored; deleted text is in brackets.

(a)[(I)] hold securities (including fixed income securities) comprising, or otherwise based on or representing an interest in, an index or portfolio or securities; or

(b)[(II)] hold securities in another registered investment company that holds securities as described in (a) above.

An index or portfolio may be revised as necessary or appropriate to maintain the quality and character of the index or portfolio.

(ii) The Investment Company must issue Units in a specified aggregate number in return for a deposit (the “Deposit”) consisting of either:

(a)[(I)] a specified number of shares of securities (or, if applicable, a specified portfolio of fixed income securities) that comprise the index or portfolio, or are otherwise based on or represent an investment in securities comprising such index or portfolio, and/or a cash amount; or

(b)[(II)] shares of a registered investment company, as described in subsection (A)(i)(a)[(I)] above, and/or a cash amount.

(iii) Units must be redeemable, directly or indirectly, from the Investment Company for securities (including fixed income securities) and/or cash then comprising the Deposit. Units must pay holders periodic cash payments corresponding to the regular cash dividends or distributions declared with respect to the securities held by the Investment Company, less applicable expenses and charges.

(iv) – No change.

(B) – (D) – No change.

Commentary

.01 – No change.