



RULE
ADOPTION
NOTICE

RAN-04-08
March 23, 2004

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Registration of Employees of Member Organizations
(File No. SR-PCX-2004-07)

On February 9, 2004, the Exchange filed with the Securities and Exchange Commission a rule proposal to amend PCX Rule 1.26 in order to clarify PCX's registration rule for employees of Member Organizations. The proposed rule filing was filed pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, which rendered the proposal effective upon filing with the Commission. On March 23, 2004, the Commission published the notice of filing and immediate effectiveness of the proposed rule change.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Tania J.C. Blanford at (415) 393-4107 or Frank Troutman at (415) 393-4135.

EXHIBIT A

Text of the Proposed Rule Change:¹

Rules of the Board of Governors of the Pacific Exchange, Inc.

Rule 1 Memberships

EMPLOYEES OF MEMBER ORGANIZATIONS

Registration

Rule 1.26(a). [Every] Each employee [, including branch office managers,] of a M[m]ember Q[o]rganization [who is] compensated directly or indirectly for the solicitation or handling of business in securities, including trading in securities for the account of the

¹ New text is underscored; deleted text is in brackets.

M[m]ember O[o]rganization, [whether such securities are those dealt in on the Exchange or those dealt in over-the-counter,] must be registered with [and approved by] the Exchange.

[The Exchange may waive compliance with the requirements of Rule 1.26(a) in the event a member organization is also a member organization of another national securities exchange having comparable requirements.]

(b) In order to satisfy the [R]registration requirement, [of registered] employees [shall] of Member Organizations must satisfy applicable examination requirements as prescribed by the Exchange, complete documentation and pay the related fees. [be in such form as the Exchange shall prescribe and the c]Continuance of any registered employee [in that capacity shall] is at [all times be in] the sole discretion of the Exchange.

(i) For employees of Member Organizations for which the Exchange serves as the Designated Examining Authority, all the requirements of subsection (b) apply;

(ii) For employees of Member Organizations for which the Exchange does not serve as the Designated Examining Authority, such employees shall be deemed registered with the PCX if the Member Organization has recorded the registration of such employees with the PCX via Web CRD.

(c) The Exchange may require each applicant for employment as a registered employee to [pass such] successfully complete examinations as the Exchange may prescribe to establish the applicant's qualification for such registration. The Exchange may exempt an individual from the examination requirements if such individual has successfully completed comparable examinations (e.g., Series 7 Examination).

Rule 1.26(d) – (g) – No change.