



RULE
ADOPTION
NOTICE

RAN-04-17
June 7, 2004

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Demutualization
(File No. SR-PCX-2004-08)

On May 17, 2004, the Securities and Exchange Commission ("SEC") approved a proposed rule change and Amendment No. 1 to such rule change, by the Pacific Exchange, Inc. ("PCX" or "Exchange") to demutualize the Exchange. Pursuant to the approved rule change, the current PCX will be reorganized as a subsidiary of a for-profit stock corporation, the stockholders of which will initially be the current owners of the outstanding authorized memberships of the current PCX. To effect the demutualization, a newly formed stock corporation called PCX Holdings will become a holding company for the reorganized Exchange and its other operating subsidiaries. As a result of the demutualization, current PCX Members will receive one thousand (1,000) shares of voting common stock in PCX Holdings and a trading permit in the reorganized PCX.

Questions regarding this bulletin may be directed to Kathryn Beck at (415) 393-7936 or Steven Matlin at (415) 393-4084. The text of the rule change that the SEC approved is available on the PCX's web site: http://www.pacificex.com/legal/legal_regbull_new_rules.html