



RULE  
ADOPTION  
NOTICE

**RAN-04-33**  
**August 17, 2004**

**TO: ETP Holders and Sponsored Participants**

**FROM: Department of Regulatory Policy**

**SUBJECT: Listing of an Affiliate or Entity that Operates and/or Owns a Trading System or Facility of the Exchange (File No. SR-PCX-2004-76)**

On July 28, 2004, the Exchange filed a proposed rule change to add PCXE Rule 5.1(c). This rule places additional reporting requirements on the Exchange should any affiliate of the Exchange or entity that operates and/or owns a trading system or facility of the Exchange, list any security on the Exchange. The Exchange filed Amendment No. 1 to the proposed rule change on July 30, 2004. The Commission approved the proposed rule filing on August 9, 2004.

The following is the text of the rule changes. Questions regarding this bulletin may be directed to Steven Matlin at (415) 393-4084.

**EXHIBIT A**  
**Text of the Proposed Rule Change:**<sup>1</sup>  
**PCX Equities, Inc.**  
**Rule 5**  
**Listings**  
**General Provisions and Definitions**

Rule 5.1(a)-(b) – No Change.

Listing of an Affiliate or Entity that Operates and/or Owns a Trading System or Facility of the Corporation

Rule 5.1(c) - If a security of an affiliate of the Corporation or any entity that operates and/or owns a trading system or facility of the Corporation is listed pursuant to the Rules of the Corporation, then the Corporation shall file a report each month with the Securities and Exchange Commission describing: (1) the Corporation's monitoring of such issuer's compliance

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

with the Corporation's listing standards, including (i) the issuer's compliance with the Corporation's bid price requirement and (ii) the issuer's compliance with each of the quantitative and qualitative maintenance requirements; and (2) the Corporation's monitoring of the trading of the security, which shall include summaries of all related surveillance alerts, complaints, regulatory referrals, busted or adjusted trades, investigations, examinations, formal and informal disciplinary actions, exceptions reports, and the trading data. In addition, once a year, an independent accounting firm shall review the listing standards for the subject security to ensure that the issuer is in compliance with the Corporation's listing requirements, and a copy of the report shall be forwarded promptly to the Securities and Exchange Commission.

In the event the Corporation determines that the subject issuer is non-compliant with any listing standard, the Corporation shall file a report with the Securities and Exchange Commission at the same time the Corporation notifies the issuer of its non-compliance. The report shall identify the date of non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five (5) business days of receipt of a plan of remediation from the issuer, the Corporation shall notify the Securities and Exchange Commission of such receipt, whether the plan of remediation was accepted by the Corporation and the time period provided to regain compliance with the Corporation's listing standards.

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