



RULE
ADOPTION
NOTICE

RAN-04-40
September 8, 2004

**TO: All OTP Holders and OTP Firms
ETP Holders and Sponsored Participants**

FROM: Department of Regulatory Policy

**SUBJECT: Don't Arb Me Order Modifier
(File No. SR-PCX-2004-49)**

On June 3, 2004, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission a proposal to add a new order type entitled the "Don't Arb Me" modifier. The Commission approved the PCX's proposed rule change on August 31, 2004.

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.

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EXHIBIT A

Text of the Proposed Rule Change:¹

PCX Equities, Inc.

**Rule 7
Equities Trading**

Orders and Modifiers

Rule 7.31 Orders and Modifiers

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(gg) Don't Arb Me Modifier. A limit order in which the Corporation will re-price the order at the block price subsequent to the limit order being traded-through by another market center's block trade. The order shall be ranked in the Arca Book pursuant to Rule 7.36 and assigned a new time price priority as of the time of each reposting. This modifier will apply only to exchange-listed securities.

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