



RULE
ADOPTION
NOTICE

RAN-04-45
October 18, 2004

TO: All PCX OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

**SUBJECT: Requirement that Financial/Operation Principals of PCX OTP Firms
Successfully Complete the Series 27 Examination
(File No. SR-PCX-2004-86)**

On September 30, 2004, the Exchange filed with the Securities and Exchange Commission a proposed rule to require financial/operation principals of PCX OTP Firms successfully complete the Series 27 Examination. The Commission approved the proposed rule change on October 8, 2004.

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

EXHIBIT A
Text of the Proposed Rule Change:¹

**Rules of the
Pacific Exchange, Inc.**

Rule 4

Financial Reports

¶3723 Reports To Be Filed By Certain OTP Holders and OTP Firms

Rule 4.5(a). Unless the Exchange determines otherwise, every OTP Holder or OTP Firm, except as otherwise provided in Rule 4.7, shall file with the Exchange the reports prescribed by this Section. Each OTP Holder or OTP Firm subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall

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

include taking appropriate actions to assure that the OTP Holder or OTP Firm complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to successfully complete the Financial and Operations Principal Examination (Series 27 Exam). Each Financial/Operations Principal designated by an OTP Holder or OTP Firm shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of an OTP Holder or OTP Firm may be a full-time employee of the OTP Holder or OTP Firm, or with the prior written approval of the Exchange, may be a part-time employee or independent contractor of the OTP Holder or OTP Firm. All OTP Holders and OTP Firms shall be in compliance with this Rule by March 31, 2005.

Rule 4.5(b) – (f) – No Change.

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