



RULE
ADOPTION
NOTICE

RAN-04-55
November 29, 2004

TO: ETP Holders and Sponsored Participants

FROM: Department of Regulatory Policy

**SUBJECT: PCX Equities, Inc. – Closing Auction on ETFs
(File No. SR-PCX-2004-98)**

On November 5, 2004, the Commission noticed the filing and immediate effectiveness of a proposed rule change by the Exchange to extend until 1:15 pm (Pacific Time) the core trading session and change the closing auction time for certain Exchange Traded Funds.

The following is the text of the rule changes. Questions regarding this bulletin may be directed to Mai Shiver (415) 393-4266.

PCX Equities, Inc.

Rule 7

Trading Sessions

Rule 7.34 (a)(1) – No change.

(2) *Core Trading Session.* The Core Trading Session shall begin for each security at 6:30:00 am (Pacific Time) or at the conclusion of the Market Order Auction, whichever comes later, and conclude at 1:00:00 pm (Pacific Time).

(A) The Core Trading Session for the Exchange Traded Funds, defined in PCXE Rules 5.1(b)(13), 5.2(j)(3), and 8.100, shall conclude at 1:15:00 pm (Pacific Time) unless otherwise determined by the Corporation.

(3) – No change.

(b) – (f) – No change.

Auctions

Rule 7.35 (a) – (e)(3)(C) – No change.

D. Notwithstanding other provisions of PCXE Rule 7.35(e):

i. The Closing Auction for the Exchange Traded Funds defined in PCXE Rules 5.1(b)(13), 5.2(j)(3), and 8.100 and determination of the Closing Auction Price as defined in PCXE Rule 7.35(e)(3) will commence at 1:15 p.m. (Pacific Time) unless otherwise determined by the Corporation.

ii. Between 1:13 p.m. (Pacific Time) and the conclusion of the Closing Auction, Market-On-Close and Limit-On-Close Orders for the Exchange Traded Funds defined in PCXE Rules 5.1(b)(13), 5.2(j)(3), and 8.100 may not be cancelled.

iii. Between 1:13 pm (Pacific Time) and the conclusion of the Closing Auction, Market-on-Close Orders and Limit-on-Close Orders for the Exchange Traded Funds defined in PCXE Rules 5.1(b)(13), 5.2(j)(3), and 8.100 may not be entered on the same side as the Imbalance. Market-on-Close Orders and Limit-on-Close Orders for these Exchange Traded Funds that create equilibrium and thereafter convert the Imbalance from a buy to a sell (or convert the Imbalance from a sell to a buy) Imbalance will be rejected.

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