



RULE
ADOPTION
NOTICE

RAN-04-58
November 30, 2004

TO: ETP Holders and Sponsored Participants

FROM: Department of Regulatory Policy

**SUBJECT: PCX Equities, Inc. – Corporate Governance
(File No. SR-PCX-2004-108)**

On November 15, 2004, the Exchange filed a proposed rule change to modify the director independence standards set forth in PCXE Rule 5.3(k)(1). The Commission approved the proposed rule filing on November 16, 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 5
Text of the Proposed Rule Change:¹

Rules of PCX Equities, Inc.

Rule 5
Listings

Corporate Governance and Disclosure Policies

Rule 5.3 – 5.3(k)(1) – No Change.

Rule 5.3(k)(1)(A) – A director who is an employee or former employee, or whose immediate family member is an executive officer, of the listed company whose employment ended within the past three years.

Rule 5.3(k)(1)(B) – (D) – No Change.

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

Rule 5.3(k)(1)(E) - A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the listed company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$200,000 or 5% of such other company's consolidated gross revenues, is not "independent" until three years after falling below such threshold. For purposes of this rule, charitable organizations shall not be considered "companies", provided however that a listed company shall disclose in its annual proxy statement, or if the listed company does not file an annual proxy statement, in the company's annual report on Form 10-K filed with the SEC, any charitable contributions made by the listed company to any charitable organization in which a director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$200,000 or 5% of such charitable organization's consolidated gross revenues. At any time, however, when an issuer has a class of securities that is listed on a national securities exchange or national securities association other than the Corporation and is subject to requirements substantially similar to those set forth in this Section 5.3(k)(1)(E) the issuer shall not be required to separately meet the requirements set forth above. Governance requirements of other markets will be considered to be substantially similar to the requirements above if they are adopted by the New York Stock Exchange or the National Association of Securities Dealers (for the Nasdaq National Market or Small Cap Market).

Rule 5.3(k)(1)(F) – A director who receives, or whose immediate family member is an executive employee who receives, more than \$100,000 per year in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Such director shall not be independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation.

Rule 5.3(k)(1)(G) – 5.3(k)(6) – No Change.

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