



RULE
ADOPTION
NOTICE

RAN-05-26
March 22, 2005

TO: All PCX OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

**SUBJECT: Remote Market Makers Ability to be Reappointed Option Issues
(File No. SR-PCX-2005-26)**

On March 4, 2005, the Exchange filed with the Securities and Exchange Commission a proposal to amend its rules to remove the restriction that a Remote Market Maker must wait one calendar quarter to be reappointed an option issue. The rule change was effective upon filing.

The following is the text of the rule change. 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 the Pacific Exchange, Inc.

Rule 6

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Rule 6.35(g)(4) Remote Market Makers may withdraw from trading an option issue that is within their primary appointment by providing the Exchange with a three-business-day written notice of such withdrawal. Remote Market Makers who fail to give advance written notice of withdrawal to the Exchange may be subject to formal disciplinary action pursuant to Rule 10. [Subsequent to withdrawal, the Remote Market Maker may not be re-appointed as a Remote Market Maker in that option issue for a period of one full calendar quarter.]

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