



RULE
ADOPTION
NOTICE

RAN-05-58
September 1, 2005

TO: All OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

SUBJECT: Complex Order Trading
(File No. SR-PCX-2005-92)

On August 3, 2005, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the rules on Complex Order Trading. On August 16, 2005, the Exchange filed Amendment No. 1 to the proposed rule filing. The proposed rule change was approved by the Commission on August 26, 2005.

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
Options Trading

Complex Orders on the PCX Plus System

Rule 6.91(a) – (c)(2) – No Change.

Rule 6.91(c)(3) Execution of Complex Orders in the CTE: Complex orders resting in the CTE may be executed without consideration to prices of the same complex order that might be available on other exchanges. Complex orders resting in the CTE may trade in the following way:

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

(i) Orders in the Consolidated Book: A complex order in the CTE will automatically execute against individual orders or quotes residing in the Consolidated Book provided the complex order can be executed in full (or in a permissible ratio) by the orders in the Consolidated Book. The allocation of incoming individual orders or quotes or those residing in the Consolidated Book that execute against complex trades shall be done pursuant to PCX Rule 6.75 except that the LMM guaranteed participation afforded by Rule 6.75 (Rule 6.75(f)(4)) shall not apply to the complex order. All other provisions of Rule 6.75 shall apply.

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