



RULE
ADOPTION
NOTICE

RAN-06-04
January 20, 2006

**TO: All OTP Holders and OTP Firms
ETP Holders and Sponsored Participants**

FROM: Department of Regulatory Policy

**SUBJECT: Market Imbalance Definition
(File No. SR-PCX-2004-46)**

On May 14, 2004, the Exchange filed a proposed rule change to amend PCXE Rule(s) 1.1 to modify the practices that the Exchange employs with respect to the calculation of the Market Imbalance during the Market Order Auction and Closing Auction conducted on the Archipelago Exchange. On May 24, 2004, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission approved the proposed rule change and released the notice on January 5, 2006.

The following is the text of the rule change. Questions regarding this bulletin may be directed Bridget Farrell at 312/442-7975.

Exhibit A

Text of the Proposed Rule Change¹

PCX Equities, Inc.

Rule 1

Definitions

Rule 1.1(a) – (p) – No change.

Imbalance

(q) For the purposes of the Opening Auction, the Market Order Auction, the Closing Auction and the Trading Halt Auction, as the case may be,

(1) the term "Imbalance" shall mean the number of buy or sell shares that

¹

New text is underscored; deleted text is in brackets.

cannot be matched with other shares at the Indicative Match Price at any given time.

(A) the term “Total Imbalance” shall mean the net Imbalance of buy (sell) orders at the Indicative Match Price for all orders that are eligible for execution during the applicable auction.

(B) the term “Market Imbalance” shall mean:

(i) as it relates to the Market Order Auction, the imbalance of any remaining buy (sell) Market Orders that are not matched for execution against Market Orders during the applicable auction.

(ii) as it relates to the Closing Auction, the imbalance of any remaining buy (sell) Market-on-Close Orders that are not matched for execution against Market-on-Close Orders during the applicable auction.

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