



RULE  
ADOPTION  
NOTICE

**RAN-06-08**  
**February 13, 2006**

**TO: All OTP Holders and OTP Firms**

**FROM: Department of Regulatory Policy**

**SUBJECT: New Closing Time for Equity Options Trading  
(File No. SR-PCX-2005-138)**

On December 16, 2005, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposal to amend PCX Rule 6.24 and Rule 7.1. On January 13, 2006 the Exchange filed Amendment No. 1 to the filing. On January 31, 2006 the Exchange filed Amendment No. 2 to the filing. Effective with this new rule, the PCX will cease trading each business day in equity options at 1:00 p.m. (Pacific time) instead of 1:02 p.m. (Pacific time). Index options and options on ETF's will continue to trade until 1:15p.m. (Pacific time) The proposed rule change and amendment was approved by the Commission on February 7, 2006 and is scheduled to be operative on February 13, 2006.

The text of the rule change, as amended is attached below as Exhibit 5. Questions regarding this bulletin may be directed to Glenn Gsell at (415) 835-4805 or Peter Armstrong at (415) 393-4232.

## **EXHIBIT 5**

### **PACIFIC EXCHANGE, INC.**

#### **RULES OF THE BOARD OF DIRECTORS**

Text of the Proposed Rule Change:<sup>1</sup>

##### **Exercise of Option Contracts**

Rule 6.24(a) through (f) – No Change

(g) In the event the Exchange provides advance notice on or before 2:30 p.m. (PST) on the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such last

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<sup>1</sup> New text is underscored; deleted text is in brackets.

business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour [28] 30 minutes following the time announced for the close of trading on that day instead of the 2:30 p.m. (PST) deadline found in Rule 6.24(c). However, OTP Holders and OTP Firms may deliver a Contrary Exercise Advice or Advice Cancel to the Exchange within 2 hours [28] 30 minutes following the time announced for the close of trading in equity options on that day instead of the 3:30 p.m. (PST) deadline found in Rule 6.24(c) for customer accounts and non-customer accounts where such OTP Firm employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, OTP Holders and OTP Firms that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and [28] 30 minutes following the time announced for the close of trading on that day instead of the 2:30 p.m. (PST) deadline found in Rule 6.24(c).

(h) – No Change

Commentary: - No Change

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## **Trading Sessions**

Rule 7.1. – No Change

Commentary:

.01 The Board of Directors has resolved that transactions may be effected on the Options Floor of the Exchange or [in the case of Remote Market Makers or Lead Market Makers operating from off the Floor], through the facilities of the Exchange until [1:02] 1:00 p.m. for equity options and until 1:15 p.m. for index options each business day at which time no further transactions may be made.

.02 The hours for trading options on Nasdaq-100 Index Tracking Stock and options on Exchange Traded Funds will commence at 6:30 a.m. and end at 1:15 p.m. each business day, except the last trading day of each calendar month, when trading in options on Nasdaq-100 Index tracking Stock will end at 1:05 p.m.

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