

Regulatory Bulletin

RB-02-01
January 4, 2001

TO: All PCX DEA Members

FROM: Financial & Operational Compliance Department

RE: FOCUS Reports and Annual Compliance Forms

All registered broker-dealers for whom the Pacific Exchange is the Designated Examining Authority ("DEA") are required to file a FOCUS Report–Part IIA and a FOCUS Schedule I for the year ending December 31, 2001, including inactive broker-dealers. Broker-dealers subject to the SEC Net Capital Rule 15c3-1 are required to file a Quarterly FOCUS Report within 17 business days after the close of the calendar year pursuant to SEC Rule 17a-5. Broker-dealers exempt from the Net Capital Rule are required to file an Annual FOCUS Report no later than 60 days after the close of the calendar year pursuant to SEC Rule 17a-10.

The Exchange also requires DEA Members to file the following compliance forms on an annual basis, including:

- (1) a Primary Business Attestation Form,
- (2) an ITSFEA Compliance Acknowledgement, and
- (3) a list of outside brokerage accounts held by the broker-dealers' associated persons.

The Primary Business form identifies the type of activity conducted by the broker-dealer and is required by PCX Rule 1.7(b)(9)(B) and PCXE Rule 2.5(b)(10)(B). PCX Rule 2.6(e) and PCXE Rule 6.3 require Members to acknowledge their compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"), and the requirement to maintain and enforce written policies and procedures preventing the misuse of material, non-public information. A list of outside brokerage accounts held by all associated persons can be provided to the Exchange on a PCX form or in a similar format.

WHAT to FILE

All DEA Members subject to the SEC Net Capital Rule 15c3-1 are required to file the following forms by **Friday, January 25, 2002**:

Regulatory Bulletin

- 2001 4th Quarter FOCUS Report–Part IIA
- FOCUS Schedule I
- PCX Primary Business Attestation Form
- PCX Annual ITSFEA Compliance Acknowledgement
- List of Outside Brokerage Accounts held by Associated Persons

All DEA Members exempt from the SEC Net Capital Rule are required to file the following forms by **Friday, March 1, 2002**:

- 2001 Annual FOCUS Report–Part IIA
- FOCUS Schedule I
- PCX Primary Business Attestation Form
- PCX Annual ITSFEA Compliance Acknowledgement
- List of Outside Brokerage Accounts held by Associated Persons

All reports and forms must be filed with an original signature of a registered sole proprietor, general partner or managing principal of the broker-dealer.

WHEN to FILE

The following is a list of FOCUS filing due dates during 2002:

Filing	Period Ending	Due Date
4 th Quarter 2001 FOCUS *	12/31/01	Friday 01/25/02
1 st Quarter 2002 FOCUS	03/31/02	Tuesday 04/23/02
2 nd Quarter 2002 FOCUS	06/30/02	Wednesday 07/24/02
3 rd Quarter 2002 FOCUS	09/30/02	Wednesday 10/23/02
4 th Quarter 2002 FOCUS	12/31/02	Monday 01/27/03
Annual 2001 FOCUS *	12/31/01	Friday 03/01/02
January 2002 FOCUS	01/31/02	Tuesday 02/26/02
February 2002 FOCUS	02/28/02	Monday 03/25/02
April 2002 FOCUS	04/30/02	Thursday 05/23/02
May 2002 FOCUS	05/31/02	Tuesday 06/25/02
July 2002 FOCUS	07/31/02	Friday 08/23/02
August 2002 FOCUS	08/31/02	Wednesday 09/25/02
October 2002 FOCUS	10/31/02	Monday 11/25/02
November 2002 FOCUS	11/30/02	Tuesday 12/24/02

* FOCUS Schedule I and Annual Compliance Forms are also due with this filing.

Regulatory Bulletin

Members are also reminded that broker-dealers required to file Annual Audited Financial Statements pursuant to SEC Rule 17a-5(d) with a fiscal year ending December 31, 2001, must file their Annual Report with the Financial & Operational Compliance Department by **Friday, March 1, 2002**.

WHERE to FILE

Send completed FOCUS reports and compliance forms to the following address:

Pacific Exchange, Inc.
Financial & Operational Compliance Department
115 Sansome Street, Suite 800
San Francisco, CA 94104
Tel (415) 393-4889 ? Fax (415) 391-0360

OBTAINING FORMS

Members can obtain blank FOCUS Reports, FOCUS Schedule I and all other compliance forms at the following locations:

- Main entrance to the PCX Options Floor
220 Montgomery Street, 2nd Floor, San Francisco, CA 94104
- PCX Offices at 115 Sansome Street, Suite 800, San Francisco, CA 94104

As needed, Members should contact Financial & Operational Compliance staff to request forms via Email or U.S. mail. Compliance forms are available in Microsoft® Word, and the FOCUS Report–Part IIA and Schedule I are available in Microsoft® Excel. Email requests for forms can be directed to *esafran@pacificex.com*.

MISCELLANEOUS

DEA Members will be billed an annual FOCUS filing fee in their March 2002 PCX invoices. DEA Members that fail to submit a complete and accurate FOCUS Report by the prescribed filing due date will be assessed late filing fees outlined in PCX Rule 2.12(b)(1) or PCXE Rule 4.11(b)(1). Any Member that submits a FOCUS Report more than 90 days after a filing deadline will be referred to the Business Conduct Committee for disciplinary action.

Pursuant to SEC Rule 17a-4, all financial records, supporting documents and worksheets used to prepare FOCUS Reports are required to be preserved for a period of not less than 3 years, the first 2 years in an easily accessible place. Exchange staff will review these records during a broker-dealer examination.

Regulatory Bulletin

Questions regarding this bulletin should be directed to Eve R. Safran at (415) 393-4130 or Donna Lee at (415) 835-5202 in the Financial & Operational Compliance Department.