



RBE-00-02
April 4, 2000

To: All Equities Floor Members

From: Equities Regulation

Subject: New Procedure on *Intra-Day* Transfers of Members' Supervisory Authority

At its meeting on March 23, 2000, the PCX Board of Governors approved a recommendation of the EFTC to establish a new procedure on *intra-day* transfers of supervisory authority for PCX equity floor members. The new procedure was developed to address the brief intra-day absences that are needed for bathroom breaks, lunch or other short periods of time that arise during the normal trading day. These short absences made the use of the regular paperwork requirements for the formal transfer of membership that is used for a day or more impractical and cumbersome. The new procedure also addresses the concern that the continued use of the "passing the badge" procedure could have resulted in the misidentification of the individuals wearing badges that were originally intended for other people. Based on these issues and concerns, the following proposal has now been adopted:

**Intra-Day Procedure for
Transfers of Members' Supervisory Authority
on the PCX Equities Floors**

Each clerk at an operation who has already passed the member's exam, and who has otherwise fulfilled the requirements that would normally allow them to have a membership transferred to them ("qualified individuals"), will be provided with an additional new badge that will be readily distinguishable from the normal clerk or member badge. The new badge will have a color that will immediately distinguish it from the normal clerk badge in order to indicate to the surveillance staff that the clerk is qualified for the temporary transfer of membership. The clerk must wear the new badge when the official member has taken a "break" and the clerk must remove the badge when the official member has returned. The Equity Surveillance Department and Floor



Operations staff will continue to monitor for improper or misuse of this privilege. This procedure will only apply for intra-day transfers. Transfers for periods of one day or longer must be handled through the other formal transfer procedures.

Questions about this new procedure may be directed to Kenneth Marcus (213-977-4542), John Chapin (213-977-4547), Michael Rountree (213-977-4566) or Peter Armstrong (415-393-4232).