

RAN-00-36
December 12, 2000

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

**SUBJECT: Automatic Execution Between-the-Quotes
(File No. SR-PCX-00-48)**

On December 12, 2000, the Exchange filed with the SEC a proposed change to Rule 6.87, Automatic Execution System. The rule change permits Lead Market Makers (LMMs) to employ the Auto-Ex-Between-the-Quotes feature of POETS as long as certain conditions are met. The rule change was submitted to the SEC as “effective upon filing” pursuant to SEC Rule 19b-4(f)(5).

Following is the text of the rule change. Questions regarding this Bulletin may be directed to Michael Pierson at (415) 393-4107.

Text of the Rule Change:¹

¶ 5231 Automatic Execution System

Rule 6.87(a)-(1) – No change.

(m) *Auto-Ex-Between-the Quotes*. Lead Market Makers may, at their discretion, employ the Auto-Ex-Between-the-Quotes feature of POETS. This feature will permit the automatic execution of limit orders entered into POETS that are: (i) to buy or sell five option contracts or less; and (ii) have limit prices that are between, but not equal to, the best bid or offering price then being disseminated on the PCX. Lead Market Makers must provide the members of the trading crowd with at least five minutes notice before activating this feature. If the feature is on, Market Makers are exempt from the mandatory log-on requirements of Rule 6.87(e)(4).

¹ New text is underscored.