



RULE
ADOPTION
NOTICE

RAN-01-46
November 30, 2001

TO: All PCX Member and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Rules Relating to Synchronization of Member Organization Business Clocks.
(File No. SR-PCX-01-24)

On November 19, 2001, the Securities and Exchange Commission approved an Exchange rule proposal relating to synchronization of Member Organization business clocks. New Rule 6.20 requires that each Member Organization synchronize, within a time frame established by the Exchange, the business clocks that it uses for the purpose of recording the date and time of any event that must be recorded pursuant to the Rules of the Exchange. Under the rule change, each Member Organization must also adopt procedures as may be necessary to maintain such synchronization during each trading day.

Following is the text of Rule 6.20. Questions regarding this notice may be addressed to Mai S. Shiver, Senior Attorney, at (415) 393-4266.

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EXHIBIT A

Text of the Rule Change¹

Time Synchronization

Rule 6.20(a) Each Member Organization must synchronize, within a time frame established by the Exchange, the business clocks that it uses for the purpose of recording the date and time of any event that must be recorded pursuant to the Rules of the Exchange. Member Organizations may use any time provider source. Each Member Organizations must, however, ensure that the business clocks it uses on the Exchange are accurate to within a three-second[s] tolerance of the National Institute of Standards and

¹ New text is underlined

Technology Atomic Clock in Boulder Colorado (“NIST Clock”) or the United States Naval Observatory Master Clock in Washington D.C. (“USNO Master Clock”). This tolerance includes all of the following:

- (1) the difference between the NIST/USNO standard and a time provider’s clock;
- (2) transmission delay from the source; and
- (3) the amount of drift of the Member Organization’s business clock.

For purposes of this Rule, “business clocks” mean Member Organization proprietary system clocks. Member Organizations must set forth in their written supervisory procedures, required by PCX Rule 4.25, the manner in which synchronization of business clocks will be conducted, documented and maintained.